

**WINNESHIEK COUNTY  
DECORAH, IOWA**

**FINANCIAL REPORT**

**JUNE 30, 2015**

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WINNESHIEK COUNTY

OFFICIALS  
JUNE 30, 2015

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| (Before November 2014 Election) |                  |               |
|---------------------------------|------------------|---------------|
| Name                            | Title            | Term Expires  |
| John Logsdon                    | Chairperson      | December 2016 |
| Floyd Ashbacher                 | Vice-Chairperson | December 2014 |
| Dennis Karlsbroten              | Supervisor       | December 2014 |
| Dean Thompson                   | Supervisor       | December 2016 |
| Mark Kuhn                       | Supervisor       | December 2016 |
| Benjamin Steines                | County Auditor   | December 2016 |
| Wayne Walter                    | County Treasurer | December 2014 |
| Teresa Bockman                  | County Recorder  | December 2014 |
| Leon Bohr                       | County Sheriff   | December 2016 |
| Andrew Van Der Maaten           | County Attorney  | December 2014 |
| James Alstad                    | County Assessor  | Appointed     |
| Lee Bjerke                      | County Engineer  | Appointed     |

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| (After November 2014 Election) |                  |                |
|--------------------------------|------------------|----------------|
| Name                           | Title            | Term Expires   |
| John Logsdon                   | Chairperson      | December 2016  |
| Dean Thompson                  | Vice-Chairperson | December 2016  |
| John Beard                     | Supervisor       | December 2018  |
| Floyd Ashbacher                | Supervisor       | December 2018  |
| Mark Kuhn                      | Supervisor       | December 2016  |
| Benjamin Steines               | County Auditor   | December 2016  |
| Wayne Walter                   | County Treasurer | December 2018  |
| Teresa Bockman                 | County Recorder  | December 2018  |
| Leon Bohr                      | County Sheriff   | April 2015     |
| Dan Marx                       | County Sheriff   | December 2016* |
| Andrew Van Der Maaten          | County Attorney  | December 2018  |
| James Alstad                   | County Assessor  | Appointed      |
| Lee Bjerke                     | County Engineer  | Appointed      |

\*Appointed April 1, 2015

**INDEPENDENT AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS**

To the Board of Supervisors  
Winneshiek County  
Decorah, Iowa

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Winneshiek County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Winneshiek County, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Emphasis of Matter

As discussed in Note 19 to the financial statements, Winneshiek County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 5g, the budgetary comparison information, the schedule of the county's proportionate share of the net pension liability, the schedule of the county contributions, and the schedule of funding progress for the retiree health plan on pages 43 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winneshiek County's June 30, 2015 basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 11 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2016, on our consideration of Winneshiek County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Winneshiek County's internal control over financial reporting and compliance.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
February 11, 2016

WINNESHIEK COUNTY  
DECORAH, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2015

Management of Winneshiek County provides this management's discussion and analysis of Winneshiek County's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 6.09%, or approximately \$1,177,000, from fiscal 2014 to fiscal 2015. Capital grants decreased approximately \$1,789,000 and operating grants decreased approximately \$355,000 while property taxes increased approximately \$750,000.
- Program expenses of the County's governmental activities were 7.59%, or approximately \$1,483,000, less in fiscal 2015 than in fiscal 2014. Public safety and legal services, county environment and education, governmental services to residents, and administration or general government remained similar to fiscal 2014 while mental health, roads and transportation, and physical health and social services decreased \$371,000, \$890,000, and \$158,000, respectively.
- The County's net position of the County's governmental activities increased 0.21%, or approximately \$95,000 from June 30, 2014 to June 30, 2015.

USING THE BASIC FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and other information. These statements are organized so the reader can understand Winneshiek County as a financial whole, or as an entire operating entity.

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of Winneshiek County as a whole and present an overall view of the County's finances and a longer-term view of those finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Winneshiek County's operations in more detail than the government-wide financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For Winneshiek County, the general fund, the mental health-special revenue fund, the rural services-special revenue fund, and the secondary roads-special revenue fund are the most significant funds. The remaining financial statements provide information about the enterprise activities and other activities for which Winneshiek County acts solely as an agent or custodian for the benefit of those outside of the government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.



## USING THE BASIC FINANCIAL STATEMENTS (Continued)

Required supplementary information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of funding progress for the retiree health plan.

Supplementary information provides detailed information about the nonmajor governmental and the individual agency funds. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the County.

### REPORTING THE COUNTY AS A WHOLE

#### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

In the statement of net position and statement of activities, the County is divided into two distinct kinds of activities:

- **Governmental activities:** most of the County's programs and services are reported here, including public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and other non-program activities. Property tax, state tax credits and state and federal grants finance most of these activities.
- **Business-type activities:** these services are provided on a charge for goods or services basis to recover all of the expenses for the goods or services provided.

### REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

#### *Fund Financial Statements*

Fund financial reports provide detailed information about the County's major funds. The County uses different funds in accordance with the Uniform Financial Accounting for Iowa County Governments to record its financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, the mental health-special revenue fund, the rural services-special revenue fund, and the secondary roads-special revenue fund.

## REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS (Continued)

### *Fund Financial Statements (Continued)*

#### *Governmental Funds*

Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the general fund, 2) the special revenue funds, such as mental health, rural services, and secondary roads, and 3) the capital projects fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

#### *Proprietary Funds*

Proprietary funds account for the County's landfill fund, Burr Oak and Festina sanitary systems-enterprise funds, and employee group health insurance-internal service fund. The enterprise funds account for the charges for goods and services received to recover expenses for goods or services provided. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows.

#### *Fiduciary Funds*

Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services, the County Assessor, and E911 Service Board, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follows the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position:

| Condensed Statement of Net Position<br>(Expressed in Thousands) |           |           |                |
|---|-----------|-----------|----------------|
| Governmental Activities   |           |           |                |
|   | 2015      | 2014*     | Percent Change |
| Current and other assets  | \$ 16,977 | \$ 15,788 | 7.53%          |
| Capital assets  | 43,389    | 44,742    | -3.02%         |
| Total assets  | 60,366    | 60,530    | -0.27%         |
| Deferred outflows of resources                                  | 683       | -         | 0.00%          |
| Current liabilities   | 545       | 745       | -26.85%        |
| Long-term debt outstanding                                      | -         | 57        | -100.00%       |
| Other long-term liabilities                                     | 3,109     | 561       | 454.19%        |
| Total liabilities   | 3,654     | 1,363     | 168.09%        |
| Deferred inflows of resources                                   | 10,190    | 8,480     | 20.17%         |
| <b>Net position</b>   |           |           |                |
| Net investment in capital assets                                | 43,389    | 44,706    | -2.95%         |
| Restricted  | 4,033     | 3,287     | 22.70%         |
| Unrestricted (deficit)  | (217)     | 2,694     | -108.05%       |
| Total net position  | \$ 47,205 | \$ 50,687 | -6.87%         |

| Condensed Statement of Net Position<br>(Expressed in Thousands) |        |        |                |
|---|--------|--------|----------------|
| Business-type Activities  |        |        |                |
|   | 2015   | 2014*  | Percent Change |
| Current and other assets  | \$ 117 | \$ 108 | 8.33%          |
| Capital assets  | 1,037  | 1,062  | -2.35%         |
| Total assets  | 1,154  | 1,170  | -1.37%         |
| Long-term debt outstanding                                      | 176    | 181    | -2.76%         |
| Other liabilities   | 34     | 43     | -20.93%        |
| Total liabilities   | 210    | 224    | -6.25%         |
| <b>Net position</b>   |        |        |                |
| Net investment in capital assets                                | 860    | 881    | -2.38%         |
| Restricted  | 409    | 387    | 5.68%          |
| Unrestricted (deficit)  | (325)  | (322)  | -0.93%         |
| Total net position  | \$ 944 | \$ 946 | -0.21%         |

\* Not restated

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased for the governmental activities approximately \$2,911,000 or 108.05% and also decreased for the business-type activities approximately \$4,000 or 1.13%. The reduction in unrestricted net position was primarily due to the restatement of net pension liability.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities was restated by decreasing \$3,577,151 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal years 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense, which is more reflective of the amounts employees earned during the year.

|  | Changes in Net Position<br>(Expressed in Thousands) |           |                |
|--|---|-----------|----------------|
|  | Governmental Activities                             |           |                |
|  | 2015  | 2014*     | Percent Change |
| <b>Revenues:</b>                         |   |           |                |
| Program revenue                          |   |           |                |
| Charges for service                      | \$ 2,121  | \$ 2,252  | -5.82%         |
| Operating grants                         | 4,626   | 4,981     | -7.13%         |
| Capital grants                           | 868   | 2,657     | -67.33%        |
| General revenue                          |   |           |                |
| Property taxes                           | 8,320   | 7,569     | 9.92%          |
| Local option sales tax                   | 1,490   | 1,305     | 14.18%         |
| Penalty and interest on property taxes   | 49  | 52        | -5.77%         |
| State tax credits                        | 544   | 386       | 40.93%         |
| Rents                                    | 123   | 116       | 6.03%          |
| Unrestricted investment earnings         | 30  | 32        | -6.25%         |
| Total revenues                           | 18,171  | 19,350    | -6.09%         |
| <b>Program expenses:</b>                 |   |           |                |
| Public safety and legal services         | 2,492   | 2,518     | -1.03%         |
| Physical health and social services      | 1,260   | 1,419     | -11.21%        |
| Mental health                            | 1,398   | 1,770     | -21.02%        |
| County environment and education         | 1,749   | 1,714     | 2.04%          |
| Roads and transportation                 | 8,577   | 9,467     | -9.40%         |
| Governmental services to residents       | 491   | 531       | -7.53%         |
| Administration                           | 1,843   | 1,930     | -4.51%         |
| Non-program                              | 245   | 198       | 23.74%         |
| Interest on long-term debt               | 21  | 14        | 50.00%         |
| Total expenses                           | 18,076  | 19,561    | -7.59%         |
| Increase (decrease) in net position      | 95  | (211)     | -145.02%       |
| Net position beginning of year, restated | 47,110  | 50,898    | -7.44%         |
| Net position end of year                 | \$ 47,205   | \$ 50,687 | -6.87%         |

\* Not restated

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

|                                | Changes in Net Position  |        |                |
|--------------------------------|--------------------------|--------|----------------|
|                                | Business-type Activities |        |                |
|                                | 2015                     | 2014   | Percent Change |
| Revenues:                      |                          |        |                |
| Program revenue                |                          |        |                |
| Charges for service            | \$ 293                   | \$ 283 | 3.53%          |
| Program expenses:              |                          |        |                |
| Operating expenses             | 296                      | 306    | -3.27%         |
| Operating loss                 | (3)                      | (23)   | 86.96%         |
| Nonoperating revenues          |                          |        |                |
| Interest income                | 1                        | -      | 0.00%          |
| Change in net position         | (2)                      | (23)   | -86.96%        |
| Net position beginning of year | 946                      | 969    | -2.37%         |
| Net position end of year       | \$ 944                   | \$ 946 | -0.21%         |

**INDIVIDUAL MAJOR FUND ANALYSIS**

As the County completed the year, its governmental funds reported a combined fund balance of \$7,144,259, an increase of \$865,680 from the 2014 fiscal year end balance of \$6,278,579.

- The general fund ending fund balance showed an increase from the prior year of \$347,056 to \$3,473,582, due primarily to expenditures remaining consistent while revenues in the property and other County tax and intergovernmental increased approximately \$272,000 and 126,000, respectively.
- The County participates in a 28E agreement with 21 other counties to provide mental health services at a regional level. For the year, expenditures totaled approximately \$1,401,000, a decrease of 20.79% from the prior year. The mental health fund balance at year end decreased by \$348,436 from the prior year.
- Secondary roads fund revenues decreased \$384,305 over the prior year. For the year, expenditures totaled \$6,339,194, a decrease of \$743,099. The small decrease in revenues along with the large decrease in expenditures and transfers from the general fund and the rural services fund resulted in an increase in the secondary roads fund ending balance of approximately \$466,000 or 43.63%.
- The ending fund balance for the rural services fund increased by \$396,419 or 49.47% over the prior year. The increase is due to an increase of revenues of approximately \$418,000 with only an increase in expenditures of about \$14,000. The increase in revenues is mostly due to an increase in property and other County tax and local option sales tax revenue.

**BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget once. The amendment was made in May 2015. However, this did not require an increase in taxes.

The amendment made during the 2015 fiscal year should have no impact on the 2016 fiscal year's budget.

**BUDGETARY HIGHLIGHTS (Continued)**

The following chart shows the original and final amended budget for fiscal 2015 as well as the actual receipts and disbursements for the year:

|                                      | Budgetary Comparison Schedule<br>(Expressed in Thousands) |                  |                  |                   |
|--------------------------------------|---|------------------|------------------|-------------------|
|                                      | Budget Basis  | Budget Amounts   |                  | Variance          |
|                                      |   | Original         | Final            |                   |
| <b>RECEIPTS</b>                      |   |                  |                  |                   |
| Property and other County tax        | \$ 9,577  | \$ 9,425         | \$ 9,425         | \$ 152            |
| Interest and penalty on property tax | 49  | 25               | 25               | 24                |
| Intergovernmental                    | 6,205   | 8,010            | 8,266            | (2,061)           |
| Licenses and permits                 | 21  | 15               | 15               | 6                 |
| Charges for service                  | 703   | 683              | 683              | 20                |
| Use of money and property            | 157   | 148              | 148              | 9                 |
| Miscellaneous                        | 904   | 822              | 1,454            | (550)             |
| <b>Total receipts</b>                | <b>\$ 17,616</b>  | <b>\$ 19,128</b> | <b>\$ 20,016</b> | <b>\$ (2,400)</b> |
| <b>DISBURSEMENTS</b>                 |   |                  |                  |                   |
| Public safety and legal services     | \$ 2,640  | \$ 2,721         | \$ 2,796         | \$ 156            |
| Physical health and social services  | 1,297   | 1,422            | 1,531            | 234               |
| Mental health                        | 1,551   | 1,557            | 1,557            | 6                 |
| County environment and education     | 1,671   | 1,735            | 1,782            | 111               |
| Roads and transportation             | 5,939   | 6,226            | 6,226            | 287               |
| Governmental services to residents   | 548   | 586              | 586              | 38                |
| Administration                       | 2,014   | 2,167            | 2,293            | 279               |
| Non-program                          | 4   | 6                | 5                | 1                 |
| Capital projects                     | 1,688   | 4,986            | 6,012            | 4,324             |
| <b>Total disbursements</b>           | <b>\$ 17,352</b>  | <b>\$ 21,406</b> | <b>\$ 22,788</b> | <b>\$ 5,436</b>   |

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

At the end of fiscal year 2015, Winneshiek County had \$44,878,928 invested in a broad range of capital assets, including large road equipment, infrastructure, and construction in progress for the governmental activities. For the enterprise funds, the County had \$1,036,600 invested in land, landfill, and sewer systems.

The County had depreciation expense of \$2,353,213 for fiscal year 2015 and total accumulated depreciation of \$37,165,101 as of June 30, 2015 for the governmental activities. The County had depreciation/depletion expense of \$25,709 for fiscal year 2015 and total accumulated depreciation/depletion of \$1,822,318 as of June 30, 2015 for the business-type activities. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

*Debt*

At year-end, the County had \$576,815 in bonds and other debt compared to \$678,805 last year. More detail is presented in Note 8 to the financial statements.

The County's general obligation bond rating continues to carry the fourth highest rating possible, a rating that has been assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this \$55,099,472 limit.

Other obligations include accrued vacation pay. More detailed information about the County's long-term liabilities is presented in Note 8 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Winneshiek County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates, and the fee that will be charged for various County activities. One of those factors is the economy.

The County's local option sales taxes received continue to be a significant portion of County revenues and account, in part, for property tax levy rates lower than would otherwise be possible.

Winneshiek County has a very small amount of delinquent property taxes due to the fact that the local taxpayers pay their property taxes in a timely manner.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Winneshiek County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Winneshiek County, 201 West Main St, Decorah, IA 52101.

WINNESHIEK COUNTY  
STATEMENT OF NET POSITION  
June 30, 2015

|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>   |                            |                             |                      |
| Cash and pooled investments                                       | \$ 6,425,751               | \$ 97,255                   | \$ 6,523,006         |
| Receivables   |                            |                             |                      |
| Property tax  |                            |                             |                      |
| Delinquent  | 1,483                      |                             | 1,483                |
| Succeeding year   | 8,689,346                  |                             | 8,689,346            |
| Accounts  | 63,799                     |                             | 63,799               |
| Accrued interest  | 2,643                      |                             | 2,643                |
| Due from other governments  | 1,185,773                  | 19,925                      | 1,205,698            |
| Inventories   | 528,361                    |                             | 528,361              |
| Prepaid expenses  | 80,309                     |                             | 80,309               |
| Nondepreciable assets   | 548,311                    | 290,044                     | 838,355              |
| Capital assets, net of accumulated depreciation/depletion         | 42,840,550                 | 746,556                     | 43,587,106           |
| Total assets  | <u>60,366,326</u>          | <u>1,153,780</u>            | <u>61,520,106</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                             |                            |                             |                      |
| Pension related deferred outflows                                 | 683,263                    |                             | 683,263              |
| Total assets and deferred outflows of resources                   | <u>\$ 61,049,589</u>       | <u>\$ 1,153,780</u>         | <u>\$ 62,203,369</u> |
| <b>LIABILITIES</b>  |                            |                             |                      |
| Accounts payable  | \$ 374,792                 |                             | \$ 374,792           |
| Salaries and benefits payable                                     | 183,251                    |                             | 183,251              |
| Accrued interest payable  |                            | \$ 46                       | 46                   |
| Due to (from) other funds   | (19,911)                   | 19,911                      | -                    |
| Due to other governments  | 7,179                      |                             | 7,179                |
| Long-term liabilities   |                            |                             |                      |
| Portion due within one year                                       |                            |                             |                      |
| Notes payable   |                            | 5,276                       | 5,276                |
| Compensated absences  | 387,011                    | 13,333                      | 400,344              |
| Portion due after one year  |                            |                             |                      |
| Net pension liability   | 2,568,272                  |                             | 2,568,272            |
| Net OPEB obligation   | 153,260                    |                             | 153,260              |
| Notes payable   |                            | 171,195                     | 171,195              |
| Total liabilities   | <u>3,653,854</u>           | <u>209,761</u>              | <u>3,863,615</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                              |                            |                             |                      |
| Pension related deferred inflows                                  | 1,392,166                  |                             | 1,392,166            |
| Succeeding year property tax                                      | 8,689,346                  |                             | 8,689,346            |
| Other   | 109,128                    |                             | 109,128              |
| Total deferred inflows of resources                               | <u>10,190,640</u>          | <u>-</u>                    | <u>10,190,640</u>    |
| <b>NET POSITION</b>   |                            |                             |                      |
| Net investment in capital assets                                  | 43,388,861                 | 860,129                     | 44,248,990           |
| Restricted for  |                            |                             |                      |
| Mental health   | 353,205                    |                             | 353,205              |
| Rural services  | 1,197,834                  |                             | 1,197,834            |
| Secondary roads   | 1,816,027                  |                             | 1,816,027            |
| Capital projects  | 29,392                     |                             | 29,392               |
| Other special revenue   | 555,676                    |                             | 555,676              |
| Other purposes  | 81,018                     | 409,207                     | 490,225              |
| Unrestricted  | (216,918)                  | (325,317)                   | (542,235)            |
| Total net position  | <u>47,205,095</u>          | <u>944,019</u>              | <u>48,149,114</u>    |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 61,049,589</u>       | <u>\$ 1,153,780</u>         | <u>\$ 62,203,369</u> |

See Notes to Financial Statements.



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WINNESHIEK COUNTY  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2015

| Functions and Programs                      | Expenses             | Program Revenues        |                     |                   |
|---|----------------------|-------------------------|---------------------|-------------------|
|   |                      | Charges for<br>Services | Operating<br>Grants | Capital<br>Grants |
| <b>Governmental activities</b>              |                      |                         |                     |                   |
| Public safety and legal services            | \$ 2,492,376         | \$ 147,990              | \$ 4,200            |                   |
| Physical health and social services         | 1,260,397            | 508,980                 | 317,646             | \$ 555            |
| Mental health                               | 1,398,348            |                         | 47,734              |                   |
| County environment and education            | 1,749,060            | 166,828                 | 270,561             | 62,413            |
| Roads and transportation                    | 8,577,305            | 140,143                 | 3,982,592           | 793,220           |
| Governmental services to residents          | 491,237              | 990,899                 | 3,443               | 12,142            |
| Administration                              | 1,843,061            |                         |                     |                   |
| Non-program                                 | 245,516              | 166,117                 |                     |                   |
| Long-term debt interest                     | 20,636               |                         |                     |                   |
| Total governmental activities               | <u>18,077,936</u>    | <u>2,120,957</u>        | <u>4,626,176</u>    | <u>868,330</u>    |
| <b>Business-type activities</b>             |                      |                         |                     |                   |
| Landfill                                    | 242,652              | 251,912                 |                     |                   |
| Burr Oak sewer                              | 31,231               | 23,283                  |                     |                   |
| Festina sewer                               | 22,812               | 18,133                  |                     |                   |
| Total business-type activities              | <u>296,695</u>       | <u>293,328</u>          | -                   | -                 |
| Total                                       | <u>\$ 18,374,631</u> | <u>\$ 2,414,285</u>     | <u>\$ 4,626,176</u> | <u>\$ 868,330</u> |
| <b>General revenues</b>                     |                      |                         |                     |                   |
| Property taxes levied for                   |                      |                         |                     |                   |
| General purposes                            |                      |                         |                     |                   |
| Local option sales tax                      |                      |                         |                     |                   |
| Penalty and interest on property taxes      |                      |                         |                     |                   |
| State tax credits                           |                      |                         |                     |                   |
| Rents                                       |                      |                         |                     |                   |
| Unrestricted investment earnings            |                      |                         |                     |                   |
| Total general revenues                      |                      |                         |                     |                   |
| Change in net position                      |                      |                         |                     |                   |
| Net position, beginning of year, (restated) |                      |                         |                     |                   |
| Net position, end of year                   |                      |                         |                     |                   |

See Notes to Financial Statements.

EXHIBIT B

| Net (Expense) Revenue and Changes in Net Position |                             |                |
|---|-----------------------------|----------------|
| Governmental<br>Activities                        | Business-type<br>Activities | Total          |
| \$ (2,340,186)                                    |                             | \$ (2,340,186) |
| (433,216)   |                             | (433,216)      |
| (1,350,614)                                       |                             | (1,350,614)    |
| (1,249,258)                                       |                             | (1,249,258)    |
| (3,661,350)                                       |                             | (3,661,350)    |
| 515,247   |                             | 515,247        |
| (1,843,061)                                       |                             | (1,843,061)    |
| (79,399)  |                             | (79,399)       |
| (20,636)  |                             | (20,636)       |
| (10,462,473)                                      | \$ -                        | (10,462,473)   |
|   | 9,260                       | 9,260          |
|   | (7,948)                     | (7,948)        |
|   | (4,679)                     | (4,679)        |
| -   | (3,367)                     | (3,367)        |
| (10,462,473)                                      | (3,367)                     | (10,465,840)   |
| 8,320,658   |                             | 8,320,658      |
| 1,490,067   |                             | 1,490,067      |
| 49,277  |                             | 49,277         |
| 543,979   |                             | 543,979        |
| 123,356   |                             | 123,356        |
| 30,164  | 1,385                       | 31,549         |
| 10,557,501  | 1,385                       | 10,558,886     |
| 95,028  | (1,982)                     | 93,046         |
| 47,110,067  | 946,001                     | 48,056,068     |
| \$ 47,205,095                                     | \$ 944,019                  | \$ 48,149,114  |

WINNESHIEK COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

|   | General              | Special Revenue     |                     |                     | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---------------------|---------------------|---------------------|-----------------------------------|--------------------------------|
|   |                      | Mental<br>Health    | Rural<br>Services   | Secondary<br>Roads  |                                   |                                |
| <b>ASSETS</b>   |                      |                     |                     |                     |                                   |                                |
| Cash and pooled investments   | \$ 3,486,548         | \$ 354,757          | \$ 954,108          | \$ 745,417          | \$ 577,529                        | \$ 6,118,359                   |
| Receivables   |                      |                     |                     |                     |                                   |                                |
| Property tax  |                      |                     |                     |                     |                                   |                                |
| Delinquent  | 1,292                | 58                  | 133                 |                     |                                   | 1,483                          |
| Succeeding year   | 6,387,106            | 770,618             | 1,531,622           |                     |                                   | 8,689,346                      |
| Accounts  | 61,934               |                     | 1,865               |                     |                                   | 63,799                         |
| Accrued interest  | 2,418                |                     |                     |                     | 32                                | 2,450                          |
| Due from other funds  | 144                  |                     | 19,911              |                     |                                   | 20,055                         |
| Due from other governments  | 72,455               |                     | 233,527             | 855,822             | 23,969                            | 1,185,773                      |
| Prepaid expenditures  | 44,884               | 750                 | 5,250               | 29,425              |                                   | 80,309                         |
| Inventories   |                      |                     |                     | 528,361             |                                   | 528,361                        |
| <b>Total assets</b>   | <b>\$ 10,056,781</b> | <b>\$ 1,126,183</b> | <b>\$ 2,746,416</b> | <b>\$ 2,159,025</b> | <b>\$ 601,530</b>                 | <b>\$ 16,689,935</b>           |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b>       |                      |                     |                     |                     |                                   |                                |
| <b>Liabilities</b>  |                      |                     |                     |                     |                                   |                                |
| Accounts payable  | \$ 84,312            | \$ 85               | \$ 6,671            | \$ 274,305          | \$ 1,167                          | \$ 366,540                     |
| Salaries and benefits payable   | 103,755              | 1,029               | 10,167              | 68,300              |                                   | 183,251                        |
| Due to other funds  |                      |                     |                     | 144                 |                                   | 144                            |
| Due to other governments  | 6,762                | 46                  | 122                 | 249                 |                                   | 7,179                          |
| <b>Total liabilities</b>  | <b>194,829</b>       | <b>1,160</b>        | <b>16,960</b>       | <b>342,998</b>      | <b>1,167</b>                      | <b>557,114</b>                 |
| <b>Deferred inflows of resources</b>  |                      |                     |                     |                     |                                   |                                |
| Succeeding year property tax  | 6,387,106            | 770,618             | 1,531,622           |                     |                                   | 8,689,346                      |
| Other   | 1,264                | 55                  | 133                 | 281,906             | 15,858                            | 299,216                        |
| <b>Total deferred inflows of resources</b>                                    | <b>6,388,370</b>     | <b>770,673</b>      | <b>1,531,755</b>    | <b>281,906</b>      | <b>15,858</b>                     | <b>8,988,562</b>               |
| <b>Fund balances</b>  |                      |                     |                     |                     |                                   |                                |
| <b>Nonspendable</b>   |                      |                     |                     |                     |                                   |                                |
| Inventories   |                      |                     |                     | 528,361             |                                   | 528,361                        |
| Prepaid expenditures  | 44,884               | 750                 | 5,250               | 29,425              |                                   | 80,309                         |
| <b>Restricted for</b>   |                      |                     |                     |                     |                                   |                                |
| Other purposes  | 36,134               |                     |                     |                     |                                   | 36,134                         |
| Mental health purposes  |                      | 353,600             |                     |                     |                                   | 353,600                        |
| Rural services purposes   |                      |                     | 1,192,451           |                     |                                   | 1,192,451                      |
| Secondary roads purposes  |                      |                     |                     | 976,335             |                                   | 976,335                        |
| Other special revenue purposes  |                      |                     |                     |                     | 555,113                           | 555,113                        |
| Capital projects  |                      |                     |                     |                     | 29,392                            | 29,392                         |
| Unassigned  | 3,392,564            |                     |                     |                     |                                   | 3,392,564                      |
| <b>Total fund balances</b>  | <b>3,473,582</b>     | <b>354,350</b>      | <b>1,197,701</b>    | <b>1,534,121</b>    | <b>584,505</b>                    | <b>7,144,259</b>               |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <b>\$ 10,056,781</b> | <b>\$ 1,126,183</b> | <b>\$ 2,746,416</b> | <b>\$ 2,159,025</b> | <b>\$ 601,530</b>                 | <b>\$ 16,689,935</b>           |

See Notes to Financial Statements.

WINNESHIEK COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

|   |               |
|---|---------------|
| Reconciliation of governmental fund balances to net position  |               |
| Total governmental fund balances  | \$ 7,144,259  |
| Amounts reported for governmental activities<br>in the statement of net position are different because:   |               |
| Capital assets used in governmental activities are not current<br>financial resources and, therefore, are not reported as assets<br>in the governmental funds, net of accumulated depreciation of<br>\$37,165,101   | 43,388,861    |
| Pension related deferred outflows of resources and deferred<br>inflows of resources are not due and payable in the current year<br>and, therefore, are not reported in the governmental funds,<br>as follows:   |               |
| Deferred outflows of resources  | 683,263       |
| Deferred inflows of resources   | (1,392,166)   |
| Other long-term assets are not available to pay for current year expenditures and,<br>therefore, are recognized as deferred inflows of resources in the governmental funds.   | 283,921       |
| Internal service funds are used by management to charge the costs of self-funding<br>of the County's health insurance benefit plan to individual funds.<br>The assets and liabilities of the internal service fund are included with<br>governmental activities in the statement of net position. | 205,500       |
| Long-term liabilities, including bonds payable, compensated absences,<br>other postemployment benefits payable, net pension liability and<br>accrued interest payable, are not due and payable in the current year and,<br>therefore, are not reported as liabilities in the governmental funds:  |               |
| Net OPEB obligation   | (153,260)     |
| Net pension liability   | (2,568,272)   |
| Compensated absences  | (387,011)     |
| Net position of governmental activities, per Exhibit A  | \$ 47,205,095 |
| Cash and pooled investments of governmental activities include the following reclassifications:   |               |
| Internal service fund cash at June 30, 2015   | \$ 307,392    |

WINNESHIEK COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2015

|   | General             | Special Revenue   |                     |                     | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------|---------------------|---------------------|-----------------------------------|--------------------------------|
|   |                     | Mental<br>Health  | Rural<br>Services   | Secondary<br>Roads  |                                   |                                |
| <b>REVENUES</b>   |                     |                   |                     |                     |                                   |                                |
| Property and other County tax   | \$ 5,750,706        | \$ 940,745        | \$ 1,416,304        |                     |                                   | \$ 8,107,755                   |
| Local option sales tax  |                     |                   | 1,490,067           |                     |                                   | 1,490,067                      |
| Interest and penalty on property tax  | 49,277              |                   |                     |                     |                                   | 49,277                         |
| Intergovernmental   | 1,055,190           | 111,967           | 341,458             | \$ 4,457,981        | \$ 127,152                        | 6,093,748                      |
| Licenses and permits  | 1,099               |                   | 10,345              | 9,545               |                                   | 20,989                         |
| Charges for service   | 691,402             |                   | 12,610              | 170                 | 3,611                             | 707,793                        |
| Use of money and property   | 150,949             |                   |                     |                     | 378                               | 151,327                        |
| Miscellaneous   | 721,180             |                   | 87                  |                     | 825                               | 722,092                        |
| <b>Total revenues</b>   | <b>8,419,803</b>    | <b>1,052,712</b>  | <b>3,270,871</b>    | <b>4,467,696</b>    | <b>131,966</b>                    | <b>17,343,048</b>              |
| <b>EXPENDITURES</b>   |                     |                   |                     |                     |                                   |                                |
| <b>Current</b>  |                     |                   |                     |                     |                                   |                                |
| Public safety and legal services  | 2,609,552           |                   |                     |                     |                                   | 2,609,552                      |
| Physical health and social services   | 1,227,517           |                   | 64,016              |                     | 11,721                            | 1,303,254                      |
| Mental health   |                     | 1,401,148         |                     |                     |                                   | 1,401,148                      |
| County environment and education  | 1,041,343           |                   | 644,554             |                     |                                   | 1,685,897                      |
| Roads and transportation  |                     |                   |                     | 5,237,297           |                                   | 5,237,297                      |
| Governmental services to residents  | 530,141             |                   | 14,760              |                     | 5,001                             | 549,902                        |
| Administration  | 2,020,823           |                   |                     |                     |                                   | 2,020,823                      |
| Non-program   | 3,712               |                   |                     |                     |                                   | 3,712                          |
| Capital projects  | 453,238             |                   |                     | 1,101,897           | 110,648                           | 1,665,783                      |
| <b>Total expenditures</b>   | <b>7,886,326</b>    | <b>1,401,148</b>  | <b>723,330</b>      | <b>6,339,194</b>    | <b>127,370</b>                    | <b>16,477,368</b>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>  | <b>533,477</b>      | <b>(348,436)</b>  | <b>2,547,541</b>    | <b>(1,871,498)</b>  | <b>4,596</b>                      | <b>865,680</b>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                   |                     |                     |                                   |                                |
| Transfers in  |                     |                   |                     | 2,337,543           |                                   | 2,337,543                      |
| Transfers out   | (186,421)           |                   | (2,151,122)         |                     |                                   | (2,337,543)                    |
|   | (186,421)           | -                 | (2,151,122)         | 2,337,543           | -                                 | -                              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES<br/>OVER (UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> | <b>347,056</b>      | <b>(348,436)</b>  | <b>396,419</b>      | <b>466,045</b>      | <b>4,596</b>                      | <b>865,680</b>                 |
| <b>FUND BALANCES, beginning of year</b>   | <b>3,126,526</b>    | <b>702,786</b>    | <b>801,282</b>      | <b>1,068,076</b>    | <b>579,909</b>                    | <b>6,278,579</b>               |
| <b>FUND BALANCES, end of year</b>   | <b>\$ 3,473,582</b> | <b>\$ 354,350</b> | <b>\$ 1,197,701</b> | <b>\$ 1,534,121</b> | <b>\$ 584,505</b>                 | <b>\$ 7,144,259</b>            |

See Notes to Financial Statements.

WINNESHIEK COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2015

|  |    |                    |
|--|----|--------------------|
| Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities   |    |                    |
| Net change in fund balances - total governmental funds   | \$ | 865,680            |
| Amounts reported for governmental activities in the statement of activities are different because:   |    |                    |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital additions exceed depreciation in the period:             |    |                    |
| Depreciation   | \$ | (2,353,213)        |
| Capital assets contributed by the Iowa Department of Transportation  |    | 448,429            |
| Capital outlays  |    | 551,634            |
|  |    | <u>(1,353,150)</u> |
| Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds:  |    |                    |
| Property tax   |    | 212,903            |
| Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Current year repayments exceeded issues, as follows: |    |                    |
| Repaid   |    | 35,760             |
| Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.  |    |                    |
|  |    | 371                |
| The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the statement of net position.  |    |                    |
|  |    | 507,807            |
| The internal service fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities.  |    |                    |
|  |    | 13,366             |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:  |    |                    |
| Pension expense  |    | (207,831)          |
| Net OPEB obligation  |    | (11,494)           |
| Compensated absences   |    | 31,616             |
|  |    | <u>31,616</u>      |
| Change in net position of governmental activities, per Exhibit B   | \$ | <u>95,028</u>      |

WINNESHIEK COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2015

EXHIBIT E

|  | Business-type Activities        |                   |                     | Governmental<br>Activities |
|--|---------------------------------|-------------------|---------------------|----------------------------|
|  | Nonmajor<br>Enterprise<br>Funds |                   |                     | Internal<br>Service        |
|  | Landfill                        |                   | Total               |                            |
| <b>ASSETS</b>  |                                 |                   |                     |                            |
| Cash and pooled investments  |                                 | \$ 97,255         | \$ 97,255           | \$ 307,392                 |
| Accrued interest receivable  |                                 |                   |                     | 193                        |
| Due from other governments   | \$ 19,925                       |                   | 19,925              |                            |
| <b>Total current assets</b>  | <b>19,925</b>                   | <b>97,255</b>     | <b>117,180</b>      | <b>307,585</b>             |
| <b>Noncurrent assets</b>   |                                 |                   |                     |                            |
| Land   | 280,252                         | 9,792             | 290,044             |                            |
| Net capital assets   |                                 | 746,556           | 746,556             |                            |
| <b>Total noncurrent assets</b>   | <b>280,252</b>                  | <b>756,348</b>    | <b>1,036,600</b>    | <b>-</b>                   |
| <b>Total assets</b>  | <b>\$ 300,177</b>               | <b>\$ 853,603</b> | <b>\$ 1,153,780</b> | <b>\$ 307,585</b>          |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND NET POSITION</b>   |                                 |                   |                     |                            |
| <b>Liabilities</b>   |                                 |                   |                     |                            |
| Salaries and benefits payable  |                                 |                   |                     | \$ 8,252                   |
| Accrued interest payable   |                                 | \$ 46             | \$ 46               |                            |
| Due to other funds   | \$ 19,911                       |                   | 19,911              |                            |
| Notes payable  |                                 | 5,276             | 5,276               |                            |
| <b>Total current liabilities</b>   | <b>19,911</b>                   | <b>5,322</b>      | <b>25,233</b>       | <b>8,252</b>               |
| <b>Noncurrent liabilities</b>  |                                 |                   |                     |                            |
| Long-term debt   |                                 | 171,195           | 171,195             |                            |
| Compensated absences   | 13,333                          |                   | 13,333              |                            |
| <b>Total noncurrent liabilities</b>                                      | <b>13,333</b>                   | <b>171,195</b>    | <b>184,528</b>      | <b>-</b>                   |
| <b>Total liabilities</b>   | <b>33,244</b>                   | <b>176,517</b>    | <b>209,761</b>      | <b>8,252</b>               |
| <b>Deferred inflows of resources</b>                                     |                                 |                   |                     |                            |
| Other  |                                 |                   | -                   | 93,833                     |
| <b>Net position</b>  |                                 |                   |                     |                            |
| Net investment in capital assets   | 280,252                         | 579,877           | 860,129             |                            |
| Restricted   |                                 | 409,207           | 409,207             |                            |
| Unrestricted   | (13,319)                        | (311,998)         | (325,317)           | 205,500                    |
| <b>Total net position</b>  | <b>266,933</b>                  | <b>677,086</b>    | <b>944,019</b>      | <b>205,500</b>             |
| <b>Total liabilities, deferred inflows of resources and net position</b> | <b>\$ 300,177</b>               | <b>\$ 853,603</b> | <b>\$ 1,153,780</b> | <b>\$ 307,585</b>          |

See Notes to Financial Statements.



WINNESHIEK COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2015

|   | Business-type Activities |                   |                   | Governmental<br>Activities |
|---|--------------------------|-------------------|-------------------|----------------------------|
|   | Nonmajor<br>Enterprise   |                   |                   | Internal<br>Service        |
|   | Landfill                 | Funds             | Total             |                            |
| <b>OPERATING REVENUES</b>                               |                          |                   |                   |                            |
| Charges for service                                     |                          | \$ 41,416         | \$ 41,416         | \$ 1,028,884               |
| Contract services                                       | \$ 251,912               |                   | 251,912           |                            |
| <b>Total operating revenues</b>                         | <b>251,912</b>           | <b>41,416</b>     | <b>293,328</b>    | <b>1,028,884</b>           |
| <b>OPERATING EXPENSES</b>                               |                          |                   |                   |                            |
| Wages and benefits                                      | 242,652                  |                   | 242,652           |                            |
| Depreciation  |                          | 25,709            | 25,709            |                            |
| Other   |                          | 19,803            | 19,803            |                            |
| Insurance claims paid                                   |                          |                   | -                 | 1,017,985                  |
| <b>Total operating expenses</b>                         | <b>242,652</b>           | <b>45,512</b>     | <b>288,164</b>    | <b>1,017,985</b>           |
| <b>Operating income (loss)</b>                          | <b>9,260</b>             | <b>(4,096)</b>    | <b>5,164</b>      | <b>10,899</b>              |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                 |                          |                   |                   |                            |
| Interest income   |                          | 1,385             | 1,385             | 2,467                      |
| Interest expense  |                          | (8,531)           | (8,531)           |                            |
| <b>Net nonoperating revenues (expenses)</b>             | <b>-</b>                 | <b>(7,146)</b>    | <b>(7,146)</b>    | <b>2,467</b>               |
| <b>Income (loss) before contributions and transfers</b> | <b>9,260</b>             | <b>(11,242)</b>   | <b>(1,982)</b>    | <b>13,366</b>              |
| <b>TRANSFERS</b>  |                          |                   |                   |                            |
| Transfer in   |                          | 33,924            | 33,924            |                            |
| Transfer out  |                          | (33,924)          | (33,924)          |                            |
|   | -                        | -                 | -                 | -                          |
| <b>Change in net position</b>                           | <b>9,260</b>             | <b>(11,242)</b>   | <b>(1,982)</b>    | <b>13,366</b>              |
| <b>NET POSITION, beginning of year</b>                  | <b>257,673</b>           | <b>688,328</b>    | <b>946,001</b>    | <b>192,134</b>             |
| <b>NET POSITION, end of year</b>                        | <b>\$ 266,933</b>        | <b>\$ 677,086</b> | <b>\$ 944,019</b> | <b>\$ 205,500</b>          |

See Notes to Financial Statements.

WINNESHIEK COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2015

|   | Business-type Activities |            |            | Governmental<br>Activities |
|---|--------------------------|------------|------------|----------------------------|
|   | Nonmajor<br>Enterprise   |            |            | Internal<br>Service        |
|   | Landfill                 | Funds      | Total      |                            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |            |            |                            |
| Cash received from contract labor   | \$ 243,386               |            | \$ 243,386 |                            |
| Cash received from charges for services   |                          | \$ 41,416  | 41,416     | \$ 1,037,573               |
| Cash payments to employees for services   | (243,386)                |            | (243,386)  |                            |
| Cash payments to suppliers for services   |                          | (19,803)   | (19,803)   | (1,013,163)                |
| Net cash provided by operating activities   | -                        | 21,613     | 21,613     | 24,410                     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |                          |            |            |                            |
| Operating transfers in  |                          | 33,924     | 33,924     |                            |
| Operating transfers (out)   |                          | (33,924)   | (33,924)   |                            |
| Net cash provided by noncapital financing activities  | -                        | -          | -          | -                          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                               |                          |            |            |                            |
| Principal payments on notes payable   |                          | (5,036)    | (5,036)    |                            |
| Interest paid on long-term borrowing  |                          | (8,532)    | (8,532)    |                            |
| Net cash used in capital and related financing activities                                     | -                        | (13,568)   | (13,568)   | -                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                          |            |            |                            |
| Interest on investments   |                          | 1,385      | 1,385      | 2,453                      |
| Net increase in cash and cash equivalents   | -                        | 9,430      | 9,430      | 26,863                     |
| CASH and CASH EQUIVALENTS, beginning of year  | -                        | 87,825     | 87,825     | 280,529                    |
| CASH and CASH EQUIVALENTS, end of year  | \$ -                     | \$ 97,255  | \$ 97,255  | \$ 307,392                 |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities</b> |                          |            |            |                            |
| Operating income (loss)   | \$ 9,260                 | \$ (4,096) | \$ 5,164   | \$ 10,899                  |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities |                          |            |            |                            |
| Depreciation and depletion  |                          | 25,709     | 25,709     |                            |
| Decrease in deferred revenue  |                          |            |            | 8,688                      |
| Increase in accounts payable  |                          |            |            | 4,823                      |
| Decrease in due from other governments  | 45                       |            | 45         |                            |
| (Decrease) in salaries and benefits payable   | (734)                    |            | (734)      |                            |
| (Decrease) in accrued compensated absences  | (8,571)                  |            | (8,571)    |                            |
| Net cash provided by operating activities   | \$ -                     | \$ 21,613  | \$ 21,613  | \$ 24,410                  |

See Notes to Financial Statements.

WINNESHIEK COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2015

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## ASSETS

|                             |    |            |
|-----------------------------|----|------------|
| Cash and pooled investments |    |            |
| County Treasurer            | \$ | 1,701,724  |
| Other County officials      |    | 58,457     |
| Receivables                 |    |            |
| Property tax                |    |            |
| Delinquent                  |    | 1,443      |
| Succeeding year             |    | 23,226,005 |
| Accounts                    |    | 101,988    |
| Accrued interest            |    | 166        |
| Due from other governments  |    | 83,092     |
| Prepaid insurance           |    | 2,541      |
|                             |    | <hr/>      |
| Total assets                |    | 25,175,416 |

## LIABILITIES

|                                  |  |            |
|----------------------------------|--|------------|
| Accounts payable                 |  | 26,535     |
| Salaries and benefits payable    |  | 6,916      |
| Due to other funds               |  | 27,563     |
| Due to other governments         |  | 1,832,711  |
| Unavailable property tax revenue |  | 23,226,005 |
| Unearned revenue                 |  | 38,759     |
| Trusts payable                   |  | 16,927     |
|                                  |  | <hr/>      |
| Total liabilities                |  | 25,175,416 |

## NET POSITION

|  |    |             |
|--|----|-------------|
|  | \$ | <u>None</u> |
|--|----|-------------|

WINNESHIEK COUNTY

NOTES TO FINANCIAL STATEMENTS

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1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Winneshiek County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

b. Significant Accounting Policies

*Scope of Reporting Entity*

For financial reporting purposes, Winneshiek County has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature of significance of their relationship with the County should be included in the financial statements as component units. The County has no component units which meet the Governmental Accounting Standards Board criteria.

*Joint Ventures*

The County participates in two jointly governed organizations that provide services to the County and meet the criteria of a joint venture since there is ongoing financial interest or responsibility by the participating governments. The County is a member of Metronet and Winneshiek County Area Solid Waste Agency.

*Jointly Governed Organizations*

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Winneshiek County Assessor's Conference Board, Northeast Iowa Behavioral Health, Inc., Emergency Management Services, and Winneshiek County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the agency funds of the County.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Government-wide Financial Statements*

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the County. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as other nonmajor governmental and other nonmajor enterprise funds. The internal service fund is presented in a single column on the face of the proprietary fund statements.

The major funds of the financial reporting entity are described below:

*Governmental*

*General Fund*

The general fund accounts for all the financial resources of the County, except for those required to be accounted for by other funds. The revenues of the general fund are primarily derived from general property taxes, charges for services, licenses and permits, and certain revenues from state and federal sources. The expenditures of the general fund primarily relate to general administration of public safety and legal services, physical health and social services, county environment and education, governmental services to residents and administration.

*Special Revenue Funds*

The special revenue funds are used to account for revenues derived from specific sources which are restricted or committed for expenditure for specified purposes other than debt service or capital projects. The major funds in this category are mental health/development disabilities (MH/DD) services, rural services, and secondary roads.

The mental health/development disabilities (MH/DD) services fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities, and developmental disabilities services.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Fund Financial Statements (Continued)*

*Governmental (Continued)*

*Special Revenue Funds (Continued)*

The rural services fund is used to account for property tax and other revenues to provide services, which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The secondary roads fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the general fund and the special revenue, rural services fund and other revenues to be used for secondary road construction and maintenance.

*Proprietary Funds*

*Enterprise Fund*

Enterprise funds are used to account for operations and activities that are financed and operated in a matter similar to a private business enterprise and where the costs of providing goods or services to the general public on a continuing basis are expected to be financed or recovered primarily through user charges or where the County has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. One enterprise fund of the County is used to account for the lease of the landfill to the Winneshiek County Area Solid Waste Agency and contract labor provided to the agency by the County.

*Internal Service Fund*

An internal service fund is utilized to account for the financing of health insurance provided to the employees of the various departments of the County.

*Fiduciary Funds*

*Agency Funds*

The agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units, and/or other funds. Agency funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

*Measurement Focus and Basis of Accounting*

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Measurement Focus and Basis of Accounting (Continued)*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity*

The following accounting policies are followed in preparing the financial statements:

*Cash Management, Cash Equivalents and Pooled Investments*

The County Treasurer maintains two primary demand deposit accounts through which the majority of the County's cash resources are processed.

The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the general fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase have a maturity date no longer than three months.

*Property Tax Receivable*

Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

*Interest and Penalty on Property Tax Receivable*

Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

*Grants*

Federal and state grants, primarily capital grants, are recorded as revenue when the expenditures for the purpose of the grant have been incurred. Substantially all other shared revenues are recorded during the period when received from the collecting authority, the State of Iowa.



1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)*

*Interfund Transactions*

During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

*Due from Other Governments*

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

*Inventories*

Inventories are valued at cost using the first-in, first-out method. Inventories in the special revenue funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.

*Prepaid Expenditures*

Payments made for insurance for a future period beyond June 30, 2015 are recorded as prepaid insurance. The fund balances in the governmental fund types have been reserved for the prepaid expenditures recorded in those funds. This reflects the amount of net position not currently available for expenditure.

*Capital Assets*

Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary fund are capitalized in the fund in which they are utilized. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)*

*Capital Assets (Continued)*

Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

| Asset Class                      | Amount    |
|----------------------------------|-----------|
| Land, buildings and improvements | \$ 25,000 |
| Equipment and vehicles           | 5,000     |
| Infrastructure, road networks    | 50,000    |

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

| Asset Class                   | Estimated Useful Lives (in Years) |
|-------------------------------|-----------------------------------|
| Buildings and improvements    | 25-50                             |
| Land improvements             | 10-50                             |
| Equipment                     | 3-20                              |
| Vehicles                      | 5-15                              |
| Infrastructure, road networks | 10-50                             |

Depletion is recorded on the landfill using the useful life of 27 years.

*Deferred Outflows of Resources*

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

*Due to Other Governments*

Due to other governments represents taxes and other revenues collected by the County and payments for services, which will be remitted to other governments.

*Trusts Payable*

Trusts payable represents amounts due to others, which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

*Long-term Liabilities*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)*

*Compensated Absences*

County employees receive vacation leave at the following rates:

| Years of Service | Vacation Credited on Anniversary Date |
|------------------|---------------------------------------|
| After 1          | 35 hours - 1 week                     |
| 2                | 70 hours - 2 weeks                    |
| 8                | 105 hours - 3 weeks                   |
| 12               | 140 hours - 4 weeks                   |

Employees may accumulate up to 2 times their annual allotment of vacation days. Sick leave accrues at the rate of 2 days per month and employees may accumulate up to 120 days sick leave. These accumulations are not recognized as expenditures by the County until used. The County's policy prohibits payoff of accumulated sick leave at termination of employment. Consequently, no liability for accumulated sick leave at June 30, 2015 has been determined or presented. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. The County's approximate maximum liability for accrued vacation pay at June 30, 2015 is \$400,344.

In accordance with the Code of Iowa Chapter 509A.13, the County provides post-employment health care benefits. Employees retiring before attaining sixty-five years of age may continue participation in the plan at their own expense until the employee attains age sixty-five.

*Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Deferred Inflows of Resources*

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of the succeeding year property tax receivable as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)*

*Deferred Inflows of Resources (Continued)*

Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

*Fund Equity*

In the governmental fund financial statements, fund balances are classified as follows:

- *Nonspendable* - amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* - amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.
- *Unassigned* - all amounts not included in the preceding classifications.

*Net Position*

Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net positions.

Unrestricted net position represent the difference between assets and liabilities that are not restricted and can be used for future obligations of the County. Unrestricted net position are often subject to constraints imposed by management which can be removed or modified.

*Budgets and Budgetary Accounting*

The budgetary comparison and related disclosures are reported as required supplementary information.

*Management Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits and Pooled Investments

The County's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

In addition, the County had investments in the Iowa Public Agency Investment Trust, which are valued at an amortized cost of \$1,727,219 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to credit risk categorization.

*Interest Rate Risk*

The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

*Credit Risk*

The investment in Iowa Public Agency Investment Trust is unrated.

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NOTES TO FINANCIAL STATEMENTS

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3. Due from Other Governments

Due from other governments consist of the following at June 30, 2015:

|   |                     |
|---|---------------------|
| <b>Governmental</b>                           |                     |
| <b>General fund</b>                           |                     |
| Medicare                                      | \$ 8,809            |
| Miscellaneous state grants and reimbursements | 58,859              |
| DHS administration reimbursements             | 4,525               |
| Other   | 262                 |
|   | 72,455              |
| <br><b>Special revenue funds</b>              |                     |
| <b>Rural services fund</b>                    |                     |
| Local option sales tax                        | 233,496             |
| Other   | 31                  |
|   | 233,527             |
| <br><b>Secondary roads fund</b>               |                     |
| Road use tax                                  | 380,028             |
| Grants  | 474,033             |
| Other   | 1,761               |
|   | 855,822             |
| <br><b>Water testing</b>                      |                     |
| Other   | 7,750               |
| <br><b>Conservation land acquisition fund</b> |                     |
| Other   | 563                 |
| <br><b>Recorder's records management</b>      |                     |
| Other   | 361                 |
| <br><b>Capital projects fund</b>              |                     |
| <b>Dry Run Trail</b>                          |                     |
| Grants  | 15,295              |
| <b>Total governmental funds</b>               | <b>1,185,773</b>    |
| <br><b>Business-type activities</b>           |                     |
| <b>Proprietary</b>                            |                     |
| Finance agreement landfill                    | 19,925              |
|   | <b>\$ 1,205,698</b> |

NOTES TO FINANCIAL STATEMENTS

4. **Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

|   | Balance<br>June 30, 2014 | Additions           | Deletions         | Balance<br>June 30, 2015 |
|---|--------------------------|---------------------|-------------------|--------------------------|
| <b>Governmental activities:</b>                         |                          |                     |                   |                          |
| Capital assets not being depreciated                    |                          |                     |                   |                          |
| Land  | \$ 489,907               |                     |                   | \$ 489,907               |
| Construction in progress                                | 84,021                   | \$ 494,506          | \$ 520,123        | 58,404                   |
|   | <u>573,928</u>           | <u>494,506</u>      | <u>520,123</u>    | <u>548,311</u>           |
| <b>Capital assets being depreciated:</b>                |                          |                     |                   |                          |
| Buildings   | 7,802,022                | 64,993              |                   | 7,867,015                |
| Equipment   | 8,088,471                | 418,037             | 164,932           | 8,341,576                |
| Vehicles  | 1,174,048                | 131,006             | 114,939           | 1,190,115                |
| Infrastructure  | 62,158,516               | 448,429             |                   | 62,606,945               |
| Total capital assets being depreciated                  | <u>79,223,057</u>        | <u>1,062,465</u>    | <u>279,871</u>    | <u>80,005,651</u>        |
| <b>Less accumulated depreciation:</b>                   |                          |                     |                   |                          |
| Buildings   | 4,023,908                | 181,105             |                   | 4,205,013                |
| Equipment   | 4,769,612                | 406,841             | 128,806           | 5,047,647                |
| Vehicles  | 896,160                  | 73,083              | 114,280           | 854,963                  |
| Infrastructure  | 25,365,294               | 1,692,184           |                   | 27,057,478               |
| Total accumulated depreciation                          | <u>35,054,974</u>        | <u>2,353,213</u>    | <u>243,086</u>    | <u>37,165,101</u>        |
| Total capital assets being depreciated, net             | <u>44,168,083</u>        | <u>(1,290,748)</u>  | <u>36,785</u>     | <u>42,840,550</u>        |
| Governmental activities, capital assets, net            | <u>\$ 44,742,011</u>     | <u>\$ (796,242)</u> | <u>\$ 556,908</u> | <u>\$ 43,388,861</u>     |
| <b>Business-type activities</b>                         |                          |                     |                   |                          |
| Land  | \$ 290,044               |                     |                   | \$ 290,044               |
| <b>Capital assets being depreciated or depleted:</b>    |                          |                     |                   |                          |
| Equipment   | 1,195,426                |                     |                   | 1,195,426                |
| Landfill  | 1,373,448                |                     |                   | 1,373,448                |
| Total capital assets being depreciated or depleted      | <u>2,568,874</u>         |                     |                   | <u>2,568,874</u>         |
| <b>Less accumulated depreciation or depletion:</b>      |                          |                     |                   |                          |
| Equipment   | 423,161                  | \$ 25,709           |                   | 448,870                  |
| Landfill  | 1,373,448                |                     |                   | 1,373,448                |
| Total accumulated depreciation or depletion             | <u>1,796,609</u>         | <u>25,709</u>       |                   | <u>1,822,318</u>         |
| Total capital assets being depreciated or depleted, net | <u>772,265</u>           | <u>(25,709)</u>     |                   | <u>746,556</u>           |
| Business-type activities                                |                          |                     |                   |                          |
| Capital assets, net                                     | <u>\$ 1,062,309</u>      | <u>\$ (25,709)</u>  | <u>\$ None</u>    | <u>\$ 1,036,600</u>      |

NOTES TO FINANCIAL STATEMENTS

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4. Capital Assets (Continued)

For the year ended June 30, 2015, depreciation expense was charged to functions of the primary government as follows:

|                                     |              |
|-------------------------------------|--------------|
| <b>Governmental activities</b>      |              |
| Public safety and legal services    | \$ 42,101    |
| Physical health and social services | 13,977       |
| County environment and education    | 178,091      |
| Roads and transportation            | 2,061,516    |
| Governmental services to residents  | 16,298       |
| Administration                      | 41,230       |
|                                     | \$ 2,353,213 |
| <br><b>Business-type activities</b> |              |
| Burr Oak sewer fund                 | \$ 14,492    |
| Festina sewer fund                  | 11,217       |
|                                     | \$ 25,709    |

5. Due to/from Other Funds

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

|                       | Due from<br>Other Funds | Due to<br>Other Funds |
|-----------------------|-------------------------|-----------------------|
| General fund          | \$ 144                  |                       |
| Special revenue funds |                         |                       |
| Rural services        | 19,911                  |                       |
| Secondary roads       |                         | \$ 144                |
| Proprietary fund      |                         |                       |
| Landfill              |                         | 19,911                |
|                       | \$ 20,055               | \$ 20,055             |



NOTES TO FINANCIAL STATEMENTS

6. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments for the year ended June 30, 2015 is as follows:

|                                      |                 |                        |
|--------------------------------------|-----------------|------------------------|
| <p>Governmental<br/>General fund</p> | <p>Services</p> | <p><u>\$ 6,762</u></p> |
|                                      |                 |                        |
| <p>Special revenue funds</p>         |                 |                        |
| Mental health                        |                 | 46                     |
| Rural services                       | Services        | 122                    |
| Secondary roads                      |                 | 249                    |
|                                      |                 | <u>417</u>             |
|                                      |                 |                        |
| Total governmental funds             |                 | <u>\$ 7,179</u>        |
|                                      |                 |                        |
| <p>Fiduciary<br/>Agency</p>          |                 |                        |
| County offices                       |                 | \$ 19,451              |
| Agricultural Extension Education     |                 | 2,061                  |
| County Assessor collections          |                 | 568,216                |
| Schools                              |                 | 142,210                |
| Area schools                         |                 | 9,447                  |
| Corporations                         |                 | 25,104                 |
| Townships                            |                 | 5,066                  |
| Auto license and use tax             |                 | 540,380                |
| E911 surcharge                       |                 | 413,666                |
| Other                                |                 | 107,110                |
|                                      |                 | <u>1,832,711</u>       |
|                                      |                 |                        |
| Total agency funds                   |                 | <u>\$ 1,832,711</u>    |

7. Leases

The City of Decorah has leased land to Winneshiek County under a 99-year lease for \$1 per year for the Sheriff's office and jail.

The City of Decorah has leased space to Winneshiek County within the City's Police Department for \$184,315 from July 1, 2015 through June 30, 2016.

The County has agreed to lease land to Winneshiek County Area Solid Waste Agency until December 2016.

The County is leasing land to various entities for a nominal fee over long-term arrangements in association with the health campus.

Future lease payments under these agreements are as follows:

|                          |                          |
|--------------------------|--------------------------|
| Year ended June 30, 2014 | <p><u>\$ 184,315</u></p> |
|--------------------------|--------------------------|

NOTES TO FINANCIAL STATEMENTS

8. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2015 was as follows:

|                                 | Balance<br>June 30, 2014 | Issued     | (Paid)       | Balance<br>June 30, 2015 | Amounts<br>Due Within<br>One Year |
|---------------------------------|--------------------------|------------|--------------|--------------------------|-----------------------------------|
| <b>Governmental activities</b>  |                          |            |              |                          |                                   |
| <b>Other liabilities</b>        |                          |            |              |                          |                                   |
| Note payable                    | \$ 21,007                |            | \$ (21,007)  | \$ None                  |                                   |
| Capital lease                   | 35,760                   |            | (35,760)     | None                     |                                   |
| Compensated absences            | 418,627                  | \$ 387,011 | (418,627)    | 387,011                  | \$ 387,011                        |
|                                 | 475,394                  | 387,011    | (475,394)    | 387,011                  | 387,011                           |
| <b>Governmental activities</b>  |                          |            |              |                          |                                   |
| Long-term liabilities           | \$ 475,394               | \$ 387,011 | \$ (475,394) | \$ 387,011               | \$ 387,011                        |
| <b>Business-type activities</b> |                          |            |              |                          |                                   |
| <b>Other liabilities</b>        |                          |            |              |                          |                                   |
| Notes payable                   | \$ 181,507               |            | \$ (5,036)   | \$ 176,471               | \$ 5,276                          |
| Compensated absences            | 21,904                   | \$ 13,333  | (21,904)     | 13,333                   | 13,333                            |
|                                 | 203,411                  | 13,333     | (26,940)     | 189,804                  | 18,609                            |
| <b>Business-type activities</b> |                          |            |              |                          |                                   |
| Long-term liabilities           | \$ 203,411               | \$ 13,333  | \$ (26,940)  | \$ 189,804               | \$ 18,609                         |

**Notes Payable**

*USDA Rural Development*

In April 1993, the County issued revenue notes totaling \$105,000 at 5% interest due in annual payments of \$6,226 starting July 1995 through 2032. These notes were used to partially finance the Burr Oak sewer project, and are recorded in the enterprise fund. Interest expense of \$3,635 is reported in the Burr Oak sewer enterprise fund.

*Department of Natural Resources*

In April 2000, the County issued revenue notes totaling \$132,500 at 4.5% interest due in annual payments of \$7,342 starting July 2003 through 2039. These notes were issued to partially finance the Festina Wastewater Collection & Treatment System Project. Interest expense of \$4,896 is reported in the Festina sewer enterprise fund.

**Capital Lease**

*Voting Equipment Lease*

The County entered into a contract for the purchase of vote tabulation systems equipment, hardware and software, and training and technical support services. The contract was paid off during the year ended June 30, 2015 using funds from the general supplemental fund.

NOTES TO FINANCIAL STATEMENTS

8. Long-term Debt Obligations (Continued)

A summary of the principal and interest maturities by type of debt is as follows:

| Year ending June 30, | Business-type Activities |                   |
|----------------------|--------------------------|-------------------|
|                      | Notes/Leases Payable     |                   |
|                      | Principal                | Interest          |
| 2016                 | \$ 5,276                 | \$ 8,292          |
| 2017                 | 5,526                    | 8,042             |
| 2018                 | 5,789                    | 7,779             |
| 2019                 | 6,065                    | 7,503             |
| 2020                 | 6,353                    | 7,215             |
| 2021-2025            | 36,606                   | 31,234            |
| 2026-2030            | 46,191                   | 21,649            |
| 2031-2035            | 38,447                   | 11,964            |
| 2036-2039            | 26,218                   | 4,469             |
| <b>Total</b>         | <b>\$ 176,471</b>        | <b>\$ 108,147</b> |

At June 30, 2015, the debt issued by the County did not exceed its legal debt margin compiled as follows:

|   |                 |
|---|-----------------|
| Total assessed valuation                    | \$1,101,989,449 |
| Debt limit – 5% of total assessed valuation | \$ 55,099,472   |
| Debt applicable to debt limit               |                 |
| Other debt                                  | (240,795)       |
| Legal debt margin                           | \$ 54,858,677   |

9. Pension Plan

*Plan Description*

IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

*Pension Benefits*

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

9. **Pension Plan (Continued)**

*Pension Benefits (Continued)*

Sheriff and deputy and protection occupation members may retire at normal retirement age which is generally at age 55. Sheriff and deputy and protection occupation members may retire anytime after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff and deputy and protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.50% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

*Disability and Death Benefits*

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

*Contributions*

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the County contributed 8.93% for a total rate of 14.88%. Sheriff and deputy members and the County both contributed 9.88% of pay for a total rate of 19.76%. Protection occupation members contributed 6.76% of pay and the County contributed 10.14% for a total rate of 16.9%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$507,807.

NOTES TO FINANCIAL STATEMENTS

9. **Pension Plan (Continued)**

*Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2015, the County reported a liability of \$2,568,272 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.064759, which was a decrease of 0.006206 from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$207,830. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Total of all Groups               |                                  |
|---|-----------------------------------|----------------------------------|
|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Differences between expected and actual experience  | \$ 29,190                         | \$ 32,519                        |
| Changes of assumptions  | 118,532                           | 29,294                           |
| Net difference between projected and actual earnings<br>on pension plan investments                               |                                   | 1,329,188                        |
| Changes in proportion and differences between<br>County contributions and proportionate share of<br>contributions | 27,734                            | 1,165                            |
| County contributions subsequent to the measurement date   | 507,807                           |                                  |
| Total   | \$ 683,263                        | \$ 1,392,166                     |

\$507,807 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, |                |
|---------------------|----------------|
| 2016                | \$ (306,017)   |
| 2017                | (306,017)      |
| 2018                | (306,017)      |
| 2019                | (306,017)      |
| 2020                | 7,358          |
| Total               | \$ (1,216,710) |

There were no non-employer contributing entities at IPERS.

9. **Pension Plan (Continued)**

*Actuarial Assumptions*

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |   |
|--|---|
| Rate of inflation (effective June 30, 2014)                      | 3.00% per annum   |
| Rates of salary increase (effective June 30, 2010)               | 4.00% to 17.00%, average, including inflation.<br>Rates vary by membership group. |
| Long-term investment rate of return<br>(effective June 30, 1996) | 7.50%, compounded annually, net of<br>investment expense, including inflation.    |

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

| Asset Class            | Asset Allocation | Long-term Expected<br>Real Rate of Return |
|------------------------|------------------|---|
| US Equity              | 23%              | 6.31%                                     |
| Non US Equity          | 15               | 6.76                                      |
| Private Equity         | 13               | 11.34                                     |
| Real Estate            | 8                | 3.52                                      |
| Core Plus Fixed Income | 28               | 2.06                                      |
| Credit Opportunities   | 5                | 3.67                                      |
| TIPS                   | 5                | 1.92                                      |
| Other Real Assets      | 2                | 6.27                                      |
| Cash                   | 1                | (0.69)                                    |
| Total                  | 100%             |   |

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

9. **Pension Plan (Continued)**

*Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

|   | 1% Decrease<br>(6.50%) | Discount Rate<br>(7.50%) | 1% Increase<br>(8.50%) |
|---|------------------------|--------------------------|------------------------|
| County's proportionate share of the net pension liability | \$ 5,610,701           | \$ 2,568,272             | \$ 2,395               |

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

*Payables to the Pension Plan*

At June 30, 2015, the County had no payables to report for the defined benefit pension plan for legally required employer contributions and legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

10. **Other Postemployment Benefits (OPEB)**

*Plan Description*

The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 119 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

*Funding Policy*

The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

*Annual OPEB Cost and Net OPEB Obligation*

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding, which if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation.

NOTES TO FINANCIAL STATEMENTS

10. Other Postemployment Benefits (OPEB) (Continued)  
*Annual OPEB Cost and Net OPEB Obligation (Continued)*

|  |    |          |
|--|----|----------|
| Annual required contribution               | \$ | 34,105   |
| Interest on net OPEB obligation            |    | 5,241    |
| Adjustment to annual required contribution |    | (8,703)  |
| <br>                                       |    |          |
| Annual OPEB cost                           |    | 30,643   |
| Contributions made                         |    | (19,149) |
| <br>                                       |    |          |
| Increase in net OPEB obligation            |    | 11,494   |
| Net OPEB obligation beginning of year      |    | 141,766  |
| <br>                                       |    |          |
| Net OPEB obligation end of year            | \$ | 153,260  |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed \$19,149 to the medical plan. Plan members eligible for benefits contributed \$137,049 or 88% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

| Year Ended    | Annual<br>OPEB Cost | Percentage of<br>Annual OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|---------------|---------------------|--|------------------------|
| June 30, 2013 | \$ 32,196           | 0.0%   | \$ 129,520             |
| June 30, 2014 | \$ 31,395           | 0.0%   | \$ 141,766             |
| June 30, 2015 | \$ 30,643           | 0.0%   | \$ 153,260             |

*Funded Status and Funding Progress*

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$263,479, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$263,479. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,297,685 and the ratio of the UAAL to covered payroll was 4.97%. As of June 30, 2015, there were no trust fund assets.

*Actuarial Methods and Assumptions*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for the retiree health plan, presented as required supplementary information in the section following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



10. **Other Postemployment Benefits (OPEB) (Continued)**

*Actuarial Methods and Assumptions (Continued)*

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

As of July 1, 2012, actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The medical trend rate is reduced 1% each year until reaching 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from RP-2000 Combined Mortality Table projected to 2015 using Scale AA.

11. **Risk Management**

Winneshiek County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The pool also provides property coverage. Members who elect such coverage make annual property operating contributions, which are necessary to fund, on a cash basis, the pool's general and administrative expenses, reinsurance premiums, losses, and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the pool for the year ended June 30, 2015 were \$179,505.

The pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

11. Risk Management (Continued)

The pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

|                       | Transfers In | Transfers Out |
|-----------------------|--------------|---------------|
| General fund          |              |               |
| Secondary roads       |              | \$ 186,421    |
| Special revenue funds |              |               |
| Rural services        |              | 2,151,122     |
| Secondary roads       | \$ 2,337,543 |               |
| Total                 | \$ 2,337,543 | \$ 2,337,543  |

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

13. Construction, Purchase, and Other Commitments

The total outstanding construction and purchase commitments of the County at June 30, 2015 amount to \$2,645,116 and commitments to be reimbursed is \$1,317,307.

NOTES TO FINANCIAL STATEMENTS

14. Contingent Liabilities

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by granting authorities but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

The County is currently contingently liable to perform environmental cleanup at two locations due to the Iowa Department of Natural Resources (DNR) classifying them as high risk sites. Proposals have been submitted to the Iowa DNR outlining the County's plans for cleanup. As of June 30, 2015, no ruling has been made by the Iowa DNR. As a result, no estimate can be made of future cleanup costs. Funds may be available from the Iowa Comprehensive Petroleum Underground Storage Tank fund to offset some of these potential costs.

15. Fund Equity

The government-wide statement of net position reports \$4,033,152 of restricted net position, of which \$3,952,134 is restricted by enabling legislation. The amounts restricted at June 30, 2015 are as follows:

|                         |              |
|-------------------------|--------------|
| Restricted net position |              |
| Mental health           | \$ 353,205   |
| Rural services          | 1,197,834    |
| Secondary roads         | 1,816,027    |
| Capital projects fund   | 29,392       |
| Other special revenue   | 555,676      |
| Other                   | 81,018       |
|                         | \$ 4,033,152 |

|                         |            |
|-------------------------|------------|
| Restricted net position |            |
| Proprietary funds       |            |
| Burr Oak sewer          | \$ 229,333 |
| Festina sewer           | 159,646    |
| Burr Oak sewer reserve  | 6,226      |
| Festina sewer reserve   | 11,284     |
| Other purpose           | 2,718      |
|                         | \$ 409,207 |

The fund balance nonspendable amounts at June 30, 2015 are as follows:

|                      |            |
|----------------------|------------|
| Nonspendable         |            |
| Inventories          | \$ 528,361 |
| Prepaid expenditures | 80,309     |
|                      | \$ 608,670 |

16. Joint Ventures

The County is a participant in the Winneshiek County Area Solid Waste Agency (agency). The County currently guarantees landfill tonnage (usage) by residents to the agency. The County appoints a member to the agency board and is guaranteed access to the landfill so long as it is a member. The agency board sets tonnage fee rates, which are charged to contracted haulers who are responsible for garbage collection and billing and collecting from local residents. Audited financial statements of Winneshiek County Area Solid Waste Agency are available from the agency at 2000 140<sup>th</sup> Avenue, Decorah, IA 52101.

The County participates in Metronet, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The County appoints a member to the Metronet board and has access to the broadband service provided by Metronet. Metronet's audited financial statements are included in the City of Decorah's financial statements and are available from the City of Decorah at City Hall, Decorah, IA 52101.

17. Accrued Closure and Postclosure Care Costs

Since the County owns the land and leases it to the Winneshiek County Area Solid Waste Agency (agency), it is ultimately responsible for the closure and postclosure cost of the landfill. The County is under the understanding that the agency will cover these costs through their operations. The landfill site is currently regulated by the Iowa Department of Natural Resources (DNR).

To comply with federal and state regulations, the agency is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the current cost to purchase those services and equipment, and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

The estimate of these costs for the agency was revised as of August 27, 2014 and have been estimated at \$5,250,094 for closure and \$1,654,575 for postclosure, for a total of \$6,904,669 as of June 30, 2015, and the portion of the liability that has been recognized is \$5,201,759. There was no change in estimated closure and postclosure costs effective August 27, 2014 from the prior year calculation. The amounts allocated are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2015. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 9 years and the capacity used at June 30, 2015 is approximately 75 percent.

NOTES TO FINANCIAL STATEMENTS

17. Accrued Closure and Postclosure Care Costs (Continued)

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The agency has accumulated resources to fund these costs and, at June 30, 2015, assets of \$7,493,695 are restricted for these purposes, of which \$5,697,971 is for closure and \$1,795,724 is for postclosure care. They are reported as restricted investments on the statements of net position.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), the agency is required to demonstrate financial assurance for the unfunded costs. The agency has adopted the dedicated fund as an additional funding mechanism. Chapter 576-113.14(8) of the IAC requires a dedicated fund that is restricted to pay for closure, postclosure or corrective action costs. The amount of funds restricted for the year ended June 30, 2015 is \$7,493,695.

18. Winneshiek County Financial Information Included in the County Social Services Mental Health Region

County Social Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth, and Wright. The financial activity of Winneshiek County's special revenue, mental health fund is included in the County Social Services Mental Health Region for the year ended June 30, 2015 as follows:

|  |           |           |
|--|-----------|-----------|
| Revenues:  |           |           |
| Property and other County tax                    | \$        | 940,745   |
| Intergovernmental revenues:                      |           |           |
| State tax credits                                | \$        | 64,233    |
| Mental health and disability services transition | None      |           |
| Social services block grant                      | None      |           |
| Medicaid   | None      |           |
| Other intergovernmental revenues                 | 47,734    | 111,967   |
|  |           | 111,967   |
| Total revenues                                   |           | 1,052,712 |
| Expenditures:                                    |           |           |
| Services to persons with:                        |           |           |
| Mental illness                                   | None      |           |
| Intellectual disability                          | None      | None      |
|  |           | None      |
| General administration                           |           |           |
| Direct administration                            | 51,148    |           |
| Distribution to regional fiscal agent            | 1,350,000 | 1,401,148 |
|  |           | 1,401,148 |
| Total expenditures                               |           | 1,401,148 |
| Excess of expenditures over revenues             |           | (348,436) |
| Fund balance, beginning of the year              |           | 702,786   |
| Fund balance, end of the year                    | \$        | 354,350   |

NOTES TO FINANCIAL STATEMENTS

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19. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments, which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and for changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

|  | Governmental<br>Activities |
|--|----------------------------|
| Net position June 30, 2014, as previously reported   | \$ 50,687,218              |
| Net pension liability at June 30, 2014   | (4,074,548)                |
| Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date | 497,397                    |
| Net position July 1, 2014, as restated   | \$ 47,110,067              |

20. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued one statement not yet implemented by the County. The statement which might impact the County is as follows:

GASB Statement 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the fiscal year ended June 30, 2017. The primary objective of this statement is to provide users with information about the nature and magnitude of tax abatements to make them more transparent. Users will be better equipped to understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations and the impact abatements have on a government's financial position and economic condition.

The County's management has not yet determined the effect this statement will have on the County's financial statements.

21. Subsequent Event

Management has evaluated subsequent events through February 11, 2016, the date on which the financial statements were available to be issued.

**Required Supplementary Information**

WINNESHIEK COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE OF  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCE -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
June 30, 2015

|  | Actual              | Less<br>Amounts not<br>Budgeted | Budget<br>Basis     | Budget Amounts      |                     | Final to<br>Actual<br>Variance-<br>Positive<br>(Negative) |
|--|---------------------|---------------------------------|---------------------|---------------------|---------------------|---|
|  |                     |                                 |                     | Original            | Final               |   |
| <b>RECEIPTS</b>  |                     |                                 |                     |                     |                     |   |
| Property and other County tax  | \$ 9,576,562        |                                 | \$ 9,576,562        | \$ 9,425,449        | \$ 9,425,449        | \$ 151,113  |
| Interest and penalty on property tax   | 49,274              |                                 | 49,274              | 25,425              | 25,425              | 23,849  |
| Intergovernmental  | 6,204,726           |                                 | 6,204,726           | 8,010,147           | 8,266,183           | (2,061,457)   |
| Licenses and permits   | 21,414              |                                 | 21,414              | 14,700              | 14,700              | 6,714   |
| Charges for service  | 702,641             |                                 | 702,641             | 682,850             | 683,150             | 19,491  |
| Use of money and property  | 156,751             |                                 | 156,751             | 148,202             | 148,202             | 8,549   |
| Miscellaneous  | 904,533             |                                 | 904,533             | 821,639             | 1,453,245           | (548,712)   |
| <b>Total receipts</b>  | <b>17,615,901</b>   | <b>\$ -</b>                     | <b>17,615,901</b>   | <b>19,128,412</b>   | <b>20,016,354</b>   | <b>(2,400,453)</b>  |
| <b>DISBURSEMENTS</b>   |                     |                                 |                     |                     |                     |   |
| Public safety and legal services   | 2,640,629           |                                 | 2,640,629           | 2,720,962           | 2,795,962           | 155,333   |
| Physical health and social services  | 1,296,910           |                                 | 1,296,910           | 1,422,318           | 1,530,718           | 233,808   |
| Mental health  | 1,550,997           |                                 | 1,550,997           | 1,556,884           | 1,556,884           | 5,887   |
| County environment and education   | 1,670,668           |                                 | 1,670,668           | 1,734,727           | 1,781,727           | 111,059   |
| Roads and transportation   | 5,938,484           |                                 | 5,938,484           | 6,226,400           | 6,226,400           | 287,916   |
| Governmental services to residents   | 548,224             |                                 | 548,224             | 585,978             | 585,978             | 37,754  |
| Administration   | 2,013,816           |                                 | 2,013,816           | 2,166,746           | 2,292,709           | 278,893   |
| Non-program  | 3,712               |                                 | 3,712               | 5,500               | 5,500               | 1,788   |
| Capital projects   | 1,688,487           |                                 | 1,688,487           | 4,986,000           | 6,012,526           | 4,324,039   |
| <b>Total disbursements</b>   | <b>17,351,927</b>   | <b>-</b>                        | <b>17,351,927</b>   | <b>21,405,515</b>   | <b>22,788,404</b>   | <b>5,436,477</b>  |
| <b>EXCESS (DEFICIENCY) OF RECEIPTS<br/>OVER (UNDER) DISBURSEMENTS</b>  | <b>263,974</b>      | <b>-</b>                        | <b>263,974</b>      | <b>(2,277,103)</b>  | <b>(2,772,050)</b>  | <b>3,036,024</b>  |
| <b>OTHER FINANCING SOURCES, NET</b>  | <b>-</b>            |                                 | <b>-</b>            | <b>1,015,000</b>    | <b>1,015,000</b>    | <b>(1,015,000)</b>  |
| <b>EXCESS (DEFICIENCY) OF RECEIPTS AND<br/>OTHER FINANCING SOURCES OVER<br/>(UNDER) DISBURSEMENTS AND OTHER<br/>FINANCING USES</b> | <b>263,974</b>      | <b>-</b>                        | <b>263,974</b>      | <b>(1,262,103)</b>  | <b>(1,757,050)</b>  | <b>2,021,024</b>  |
| <b>BALANCE, beginning of year</b>  | <b>5,854,385</b>    |                                 | <b>5,854,385</b>    | <b>5,034,962</b>    | <b>5,034,962</b>    | <b>819,423</b>  |
| <b>BALANCE, end of year</b>  | <b>\$ 6,118,359</b> | <b>\$ -</b>                     | <b>\$ 6,118,359</b> | <b>\$ 3,772,859</b> | <b>\$ 3,277,912</b> | <b>\$ 2,840,447</b>                                       |

See Notes to Required Budgetary Information and Independent Auditor's Report.



WINNESHIEK COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET TO GAAP RECONCILIATION  
 For the Year Ended June 30, 2015

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|                        | Governmental Funds |                        |                              |
|------------------------|--------------------|------------------------|------------------------------|
|                        | Cash<br>Basis      | Accrual<br>Adjustments | Modified<br>Accrual<br>Basis |
| Revenues               | \$ 17,615,901      | \$ (272,853)           | \$ 17,343,048                |
| Expenditures           | 17,351,927         | (874,559)              | 16,477,368                   |
| Net                    | 263,974            | 601,706                | 865,680                      |
| Beginning fund balance | 5,854,385          | 424,194                | 6,278,579                    |
| Ending fund balance    | \$ 6,118,359       | \$ 1,025,900           | \$ 7,144,259                 |

See Notes to Required Budgetary Information and Independent Auditor's Report.

WINNESHIEK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2015

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The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are:

1. Public safety and legal services
2. Physical health and social services
3. Mental health
4. County environment and education
5. Roads and transportation
6. Governmental services to residents
7. Administration
8. Non-program
9. Debt service
10. Capital projects

Function disbursements required to be budgeted include disbursements for the general fund, the special revenue funds, the capital projects fund, and the debt service fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted revenues by \$887,942 and increased budgeted disbursements by \$1,382,889. The budget amendment is reflected in the final budgeted amount.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Included in the amounts not budgeted is the forfeiture account used by the Sheriff's department.

**WINNESHIEK COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**Last Fiscal Year\***  
**(In Thousands)**

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|  | 2015      |
|--|-----------|
| County's collective proportion of the net pension liability (asset)  | 0.064759% |
| County's collective proportionate share of the net pension liability (asset)   | \$ 2,568  |
| County's covered-employee payroll  | \$ 5,450  |
| County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll | 47.12%    |
| Plan fiduciary net position as a percentage of the total pension liability   | 87.61%    |

\* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

WINNESHIEK COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COUNTY CONTRIBUTIONS  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 Last 10 Fiscal Years  
 (In Thousands)

|   | 2015     | 2014     | 2013     | 2012     | 2011     | 2010     | 2009     | 2008     | 2007     | 2006     |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Statutorily required contribution                                     | \$ 507   | \$ 497   | \$ 469   | \$ 445   | \$ 376   | \$ 342   | \$ 320   | \$ 282   | \$ 262   | \$ 243   |
| Contributions in relation to the<br>statutorily required contribution | (507)    | (497)    | (469)    | (445)    | (376)    | (342)    | (320)    | (282)    | (262)    | (243)    |
| Contribution deficiency (excess)                                      | \$ -     | \$ -     | \$ -     | \$ -     | \$ -     | \$ -     | \$ -     | \$ -     | \$ -     | \$ -     |
| County's covered-employee payroll                                     | \$ 5,550 | \$ 5,450 | \$ 5,250 | \$ 5,286 | \$ 5,056 | \$ 4,932 | \$ 4,826 | \$ 4,515 | \$ 4,329 | \$ 4,019 |
| Contributions as a percentage of<br>covered-employee payroll          | 9.14%    | 9.12%    | 8.93%    | 8.42%    | 7.44%    | 6.93%    | 6.63%    | 6.25%    | 6.05%    | 6.05%    |

See Notes to Required Pension Liability Information and Independent Auditor's Report.

WINNESHIEK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
Year Ended June 30, 2015

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Changes of Benefit Terms

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

See Independent Auditor's Report.

WINNESHIEK COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS FOR THE  
 RETIREE HEALTH PLAN  
 (in thousands)

| Fiscal<br>Year<br>Ended<br>June 30, | Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|-------------------------------------|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2010                                | July 1, 2009                   | -                                      | \$ 319  | \$ 319                             | 0.00%                    | \$ 4,486                  | 7.1110%   |
| 2011                                | July 1, 2009                   | -                                      | \$ 319  | \$ 319                             | 0.00%                    | \$ 4,923                  | 6.4798%   |
| 2012                                | July 1, 2009                   | -                                      | \$ 319  | \$ 319                             | 0.00%                    | \$ 5,117                  | 6.2341%   |
| 2013                                | July 1, 2012                   | -                                      | \$ 263  | \$ 263                             | 0.00%                    | \$ 4,832                  | 5.4429%   |
| 2014                                | July 1, 2012                   | -                                      | \$ 263  | \$ 263                             | 0.00%                    | \$ 5,131                  | 5.1257%   |
| 2015                                | July 1, 2012                   | -                                      | \$ 263  | \$ 263                             | 0.00%                    | \$ 5,298                  | 4.9641%   |

See Note 10 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Other Supplementary Information**

WINNESHIEK COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2015

|  | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|-----------------------------|--|
| <b>ASSETS</b>                              |                             |                             |  |
| Cash and pooled investments                | \$ 548,137                  | \$ 29,392                   | \$ 577,529                                 |
| Receivables                                |                             |                             |  |
| Accrued interest                           | 32                          |                             | 32   |
| Due from other governments                 | 8,674                       | 15,295                      | 23,969                                     |
| <b>Total assets</b>                        | <b>\$ 556,843</b>           | <b>\$ 44,687</b>            | <b>\$ 601,530</b>                          |
| <b>LIABILITIES AND FUND BALANCES</b>       |                             |                             |  |
| <b>Liabilities</b>                         |                             |                             |  |
| Accounts payable                           | \$ 1,167                    |                             | \$ 1,167                                   |
| Deferred revenue                           |                             |                             |  |
| Other                                      | 563                         | \$ 15,295                   | 15,858                                     |
| <b>Total liabilities</b>                   | <b>1,730</b>                | <b>15,295</b>               | <b>17,025</b>                              |
| <b>Fund balances</b>                       |                             |                             |  |
| Restricted for:                            |                             |                             |  |
| Other special revenue funds                | 555,113                     |                             | 555,113                                    |
| Capital projects                           |                             | 29,392                      | 29,392                                     |
| <b>Total fund balances</b>                 | <b>555,113</b>              | <b>29,392</b>               | <b>584,505</b>                             |
| <b>Total liabilities and fund balances</b> | <b>\$ 556,843</b>           | <b>\$ 44,687</b>            | <b>\$ 601,530</b>                          |

See Independent Auditor's Report.



WINNESHIEK COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2015

|  | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|-----------------------------|--|
| <b>REVENUES</b>  |                             |                             |  |
| Intergovernmental  | \$ 75,759                   | \$ 51,393                   | \$ 127,152                                 |
| Charges for service  | 3,611                       |                             | 3,611                                      |
| Use of money and property  | 378                         |                             | 378  |
| Miscellaneous  | 150                         | 675                         | 825  |
| <b>Total revenues</b>  | <b>79,898</b>               | <b>52,068</b>               | <b>131,966</b>                             |
| <b>EXPENDITURES</b>  |                             |                             |  |
| <b>Current</b>   |                             |                             |  |
| Physical health and social services                              | 11,721                      |                             | 11,721                                     |
| Governmental services to residents                               | 5,001                       |                             | 5,001                                      |
| Capital projects   | 79,756                      | 30,892                      | 110,648                                    |
| <b>Total expenditures</b>  | <b>96,478</b>               | <b>30,892</b>               | <b>127,370</b>                             |
| <b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b> | <b>(16,580)</b>             | <b>21,176</b>               | <b>4,596</b>                               |
| <b>FUND BALANCES, beginning of year</b>                          | <b>571,693</b>              | <b>8,216</b>                | <b>579,909</b>                             |
| <b>FUND BALANCES, end of year</b>                                | <b>\$ 555,113</b>           | <b>\$ 29,392</b>            | <b>\$ 584,505</b>                          |

WINNESHIEK COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2015

|  | REAP<br>Grant     | Water<br>Testing<br>Grant | Conservation<br>Land<br>Acquisition<br>Fund | Recorder's<br>Records<br>Management | Total Nonmajor<br>Special Revenue<br>Funds |
|--|-------------------|---------------------------|---|-------------------------------------|--|
| <b>ASSETS</b>                              |                   |                           |   |                                     |  |
| Cash and pooled investments                | \$ 316,363        | \$ 107,081                | \$ 114,878                                  | \$ 9,815                            | \$ 548,137                                 |
| Receivables                                |                   |                           |   |                                     |  |
| Accrued interest                           | 26                |                           |   | 6                                   | 32   |
| Due from other governments                 |                   | 7,750                     | 563   | 361                                 | 8,674                                      |
| <b>Total assets</b>                        | <b>\$ 316,389</b> | <b>\$ 114,831</b>         | <b>\$ 115,441</b>                           | <b>\$ 10,182</b>                    | <b>\$ 556,843</b>                          |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |                           |   |                                     |  |
| <b>Liabilities</b>                         |                   |                           |   |                                     |  |
| Accounts payable                           |                   | \$ 264                    | \$ 903                                      |                                     | \$ 1,167                                   |
| Deferred revenue                           |                   |                           | 563   |                                     | 563  |
| <b>Total liabilities</b>                   | <b>\$ -</b>       | <b>264</b>                | <b>1,466</b>                                | <b>\$ -</b>                         | <b>1,730</b>                               |
| <b>Fund balances</b>                       |                   |                           |   |                                     |  |
| Reserved                                   | 316,389           | 114,567                   | 113,975                                     | 10,182                              | 555,113                                    |
| <b>Total fund balances</b>                 | <b>316,389</b>    | <b>114,567</b>            | <b>113,975</b>                              | <b>10,182</b>                       | <b>555,113</b>                             |
| <b>Total liabilities and fund balances</b> | <b>\$ 316,389</b> | <b>\$ 114,831</b>         | <b>\$ 115,441</b>                           | <b>\$ 10,182</b>                    | <b>\$ 556,843</b>                          |

See Independent Auditor's Report.

WINNESHIEK COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended June 30, 2015

|  | REAP<br>Grant     | Water<br>Testing<br>Grant | Conservation<br>Land<br>Acquisition<br>Fund | Recorder's<br>Records<br>Management | Total Nonmajor<br>Special Revenue<br>Funds |
|--|-------------------|---------------------------|---|-------------------------------------|--|
| <b>REVENUES</b>  |                   |                           |   |                                     |  |
| Intergovernmental  | \$ 16,202         | \$ 21,690                 | \$ 37,867                                   |                                     | \$ 75,759                                  |
| Charges for service  |                   |                           |   | \$ 3,611                            | 3,611                                      |
| Use of money and property  | 311               |                           |   | 67                                  | 378  |
| Miscellaneous  |                   |                           | 150   |                                     | 150  |
| <b>Total revenues</b>  | <b>16,513</b>     | <b>21,690</b>             | <b>38,017</b>                               | <b>3,678</b>                        | <b>79,898</b>                              |
| <b>EXPENDITURES</b>  |                   |                           |   |                                     |  |
| <b>Current</b>   |                   |                           |   |                                     |  |
| Physical health and social services                                  |                   | 11,721                    |   |                                     | 11,721                                     |
| Governmental services to residents                                   |                   |                           |   | 5,001                               | 5,001                                      |
| Capital projects   | 896               |                           | 78,860                                      |                                     | 79,756                                     |
| <b>Total expenditures</b>  | <b>896</b>        | <b>11,721</b>             | <b>78,860</b>                               | <b>5,001</b>                        | <b>96,478</b>                              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>15,617</b>     | <b>9,969</b>              | <b>(40,843)</b>                             | <b>(1,323)</b>                      | <b>(16,580)</b>                            |
| <b>FUND BALANCES, beginning of year</b>                              | <b>300,772</b>    | <b>104,598</b>            | <b>154,818</b>                              | <b>11,505</b>                       | <b>571,693</b>                             |
| <b>FUND BALANCES, end of year</b>                                    | <b>\$ 316,389</b> | <b>\$ 114,567</b>         | <b>\$ 113,975</b>                           | <b>\$ 10,182</b>                    | <b>\$ 555,113</b>                          |

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WINNESHIEK COUNTY  
 COMBINING SCHEDULE OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 June 30, 2015

|                                     |  | Burr Oak<br>Sewer<br>Fund | Festina<br>Sewer<br>Fund | Burr Oak Sewer<br>Sinking<br>Fund |
|-------------------------------------|--|---------------------------|--------------------------|-----------------------------------|
| <b>ASSETS</b>                       |  |                           |                          |                                   |
| Cash and pooled investments         |  | \$ 44,133                 | \$ 32,894                | \$ 1,486                          |
| Total current assets                |  | <u>44,133</u>             | <u>32,894</u>            | <u>1,486</u>                      |
| Noncurrent assets                   |  |                           |                          |                                   |
| Land                                |  | 6,292                     | 3,500                    |                                   |
| Net capital assets                  |  | <u>367,776</u>            | <u>378,780</u>           |                                   |
| Total noncurrent assets             |  | <u>374,068</u>            | <u>382,280</u>           | -                                 |
| Total assets                        |  | <u>\$ 418,201</u>         | <u>\$ 415,174</u>        | <u>\$ 1,486</u>                   |
| <b>LIABILITIES AND NET POSITION</b> |  |                           |                          |                                   |
| Liabilities                         |  |                           |                          |                                   |
| Accrued interest payable            |  | \$ 20                     | \$ 26                    |                                   |
| Notes payable                       |  | <u>2,721</u>              | <u>2,555</u>             |                                   |
| Total current liabilities           |  | <u>2,741</u>              | <u>2,581</u>             | \$ -                              |
| Noncurrent liabilities              |  |                           |                          |                                   |
| Long-term debt                      |  | <u>67,387</u>             | <u>103,808</u>           |                                   |
| Total liabilities                   |  | <u>70,128</u>             | <u>106,389</u>           | -                                 |
| Net position                        |  |                           |                          |                                   |
| Net investment in capital assets    |  | 303,960                   | 275,917                  |                                   |
| Restricted                          |  | 229,333                   | 159,646                  | 1,486                             |
| Unrestricted                        |  | <u>(185,220)</u>          | <u>(126,778)</u>         |                                   |
| Total net position                  |  | <u>348,073</u>            | <u>308,785</u>           | <u>1,486</u>                      |
| Total liabilities and net position  |  | <u>\$ 418,201</u>         | <u>\$ 415,174</u>        | <u>\$ 1,486</u>                   |

See Independent Auditor's Report.

SCHEDULE 5

| Festina Sewer<br>Sinking<br>Fund | Burr Oak Sewer<br>Reserve<br>Fund | Festina Sewer<br>Reserve<br>Fund | Total<br>Nonmajor<br>Enterprise<br>Funds |
|----------------------------------|-----------------------------------|----------------------------------|--|
| \$ 1,232                         | \$ 6,226                          | \$ 11,284                        | \$ 97,255                                |
| <u>1,232</u>                     | <u>6,226</u>                      | <u>11,284</u>                    | <u>97,255</u>                            |
|                                  |                                   |                                  | 9,792                                    |
|                                  |                                   |                                  | <u>746,556</u>                           |
| -                                | -                                 | -                                | <u>756,348</u>                           |
| <u>\$ 1,232</u>                  | <u>\$ 6,226</u>                   | <u>\$ 11,284</u>                 | <u>\$ 853,603</u>                        |
|                                  |                                   |                                  | \$ 46                                    |
|                                  |                                   |                                  | <u>5,276</u>                             |
| <u>\$ -</u>                      | <u>\$ -</u>                       | <u>\$ -</u>                      | <u>5,322</u>                             |
|                                  |                                   |                                  | <u>171,195</u>                           |
| -                                | -                                 | -                                | <u>176,517</u>                           |
|                                  |                                   |                                  | 579,877                                  |
| 1,232                            | 6,226                             | 11,284                           | 409,207                                  |
|                                  |                                   |                                  | <u>(311,998)</u>                         |
| <u>1,232</u>                     | <u>6,226</u>                      | <u>11,284</u>                    | <u>677,086</u>                           |
| <u>\$ 1,232</u>                  | <u>\$ 6,226</u>                   | <u>\$ 11,284</u>                 | <u>\$ 853,603</u>                        |

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WINNESHIEK COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 For the Year Ended June 30, 2015

|   | Burr Oak<br>Sewer<br>Fund | Festina<br>Sewer<br>Fund | Burr Oak Sewer<br>Sinking<br>Fund |
|---|---------------------------|--------------------------|-----------------------------------|
| <b>OPERATING REVENUES</b>                 |                           |                          |                                   |
| Charges for services                      | \$ 23,283                 | \$ 18,133                |                                   |
| Total operating revenues                  | <u>23,283</u>             | <u>18,133</u>            | \$ -                              |
| <b>OPERATING EXPENSES</b>                 |                           |                          |                                   |
| Depreciation                              | 14,492                    | 11,217                   |                                   |
| Other                                     | 13,104                    | 2,641                    |                                   |
| Total operating expenses                  | <u>27,596</u>             | <u>13,858</u>            | -                                 |
| Operating (loss) income                   | <u>(4,313)</u>            | <u>4,275</u>             | -                                 |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                           |                          |                                   |
| Interest income                           | 1,330                     | 55                       |                                   |
| Interest expense                          | (3,635)                   | (4,896)                  |                                   |
| Net nonoperating revenues (expenses)      | <u>(2,305)</u>            | <u>(4,841)</u>           | -                                 |
| (Loss) before contributions and transfers | <u>(6,618)</u>            | <u>(566)</u>             | -                                 |
| <b>OPERATING TRANSFERS</b>                |                           |                          |                                   |
| Transfer in                               | 6,766                     | 7,342                    | 6,728                             |
| Transfer out                              | (6,728)                   | (13,088)                 | (6,766)                           |
| Total operating transfers                 | <u>38</u>                 | <u>(5,746)</u>           | <u>(38)</u>                       |
| Change in net position                    | <u>(6,580)</u>            | <u>(6,312)</u>           | <u>(38)</u>                       |
| NET POSITION, beginning of year           | <u>354,653</u>            | <u>315,097</u>           | <u>1,524</u>                      |
| NET POSITION, end of year                 | <u>\$ 348,073</u>         | <u>\$ 308,785</u>        | <u>\$ 1,486</u>                   |

See Independent Auditor's Report.



SCHEDULE 6

| Festina Sewer<br>Sinking<br>Fund | Burr Oak Sewer<br>Reserve<br>Fund | Festina Sewer<br>Reserve<br>Fund | Total<br>Nonmajor<br>Enterprise<br>Funds |
|----------------------------------|-----------------------------------|----------------------------------|--|
|                                  |                                   |                                  | \$ 41,416                                |
| \$ -                             | \$ -                              | \$ -                             | 41,416                                   |
| 4,058                            |                                   |                                  | 25,709                                   |
| 4,058                            | -                                 | -                                | 19,803                                   |
| (4,058)                          | -                                 | -                                | 45,512                                   |
|                                  |                                   |                                  | (4,096)                                  |
|                                  |                                   |                                  | 1,385                                    |
|                                  |                                   |                                  | (8,531)                                  |
| -                                | -                                 | -                                | (7,146)                                  |
| (4,058)                          | -                                 | -                                | (11,242)                                 |
| 12,344<br>(7,342)                |                                   | 744                              | 33,924                                   |
| 5,002                            | -                                 | 744                              | (33,924)                                 |
| 944                              | -                                 | 744                              | -  |
| 288                              | 6,226                             | 10,540                           | (11,242)                                 |
| \$ 1,232                         | \$ 6,226                          | \$ 11,284                        | 688,328                                  |
| <u>\$ 1,232</u>                  | <u>\$ 6,226</u>                   | <u>\$ 11,284</u>                 | <u>\$ 677,086</u>                        |

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WINNESHIEK COUNTY  
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 June 30, 2015

|                                  | County<br>Offices | Agricultural<br>Extension<br>Education | County<br>Assessor | Schools              |
|----------------------------------|-------------------|--|--------------------|----------------------|
| <b>ASSETS</b>                    |                   |  |                    |                      |
| Cash and pooled investments      |                   |  |                    |                      |
| County Treasurer                 |                   | \$ 2,045                               | \$ 598,035         | \$ 141,151           |
| Other County officials           | \$ 58,457         |  |                    |                      |
| Receivables                      |                   |  |                    |                      |
| Property tax                     |                   |  |                    |                      |
| Delinquent                       |                   | 16                                     | 27                 | 1,059                |
| Succeeding year                  |                   | 222,131                                | 367,716            | 15,628,377           |
| Accounts                         | 5,424             |  |                    |                      |
| Accrued interest                 |                   |  |                    |                      |
| Due from other governments       |                   |  | 18                 |                      |
| Prepaid insurance                |                   |  | 2,541              |                      |
| Total assets                     | <u>\$ 63,881</u>  | <u>\$ 224,192</u>                      | <u>\$ 968,337</u>  | <u>\$ 15,770,587</u> |
| <b>LIABILITIES</b>               |                   |  |                    |                      |
| Accounts payable                 |                   |  | \$ 25,942          |                      |
| Salaries and benefits payable    |                   |  | 6,403              |                      |
| Due to other funds               | \$ 27,503         |  | 60                 |                      |
| Due to other governments         | 19,451            | \$ 2,061                               | 568,216            | \$ 142,210           |
| Unavailable property tax revenue |                   | 222,131                                | 367,716            | 15,628,377           |
| Trusts payable                   | 16,927            |  |                    |                      |
| Unearned revenue                 |                   |  |                    |                      |
| Total liabilities                | <u>\$ 63,881</u>  | <u>\$ 224,192</u>                      | <u>\$ 968,337</u>  | <u>\$ 15,770,587</u> |

See Independent Auditor's Report.

SCHEDULE 7

| Area<br>Schools     | Corporations        | Townships         | Auto<br>License<br>and<br>Use Tax | E911<br>Surcharge | Other             | Total                  |
|---------------------|---------------------|-------------------|-----------------------------------|-------------------|-------------------|------------------------|
| \$ 9,371            | \$ 24,901           | \$ 5,042          | \$ 540,380                        | \$ 273,232        | \$ 107,567        | \$ 1,701,724<br>58,457 |
| 76                  | 203                 | 24                |                                   |                   | 38                | 1,443                  |
| 1,016,532           | 5,042,299           | 456,116           |                                   |                   | 492,834           | 23,226,005             |
|                     |                     |                   |                                   | 96,564            |                   | 101,988                |
|                     |                     |                   |                                   | 166               |                   | 166                    |
|                     |                     |                   |                                   | 44,084            | 38,990            | 83,092                 |
|                     |                     |                   |                                   |                   |                   | 2,541                  |
| <u>\$ 1,025,979</u> | <u>\$ 5,067,403</u> | <u>\$ 461,182</u> | <u>\$ 540,380</u>                 | <u>\$ 414,046</u> | <u>\$ 639,429</u> | <u>\$ 25,175,416</u>   |
|                     |                     |                   |                                   | \$ 380            | \$ 213            | \$ 26,535              |
|                     |                     |                   |                                   |                   | 513               | 6,916                  |
| \$ 9,447            | \$ 25,104           | \$ 5,066          | \$ 540,380                        | 413,666           | 107,110           | 1,832,711              |
| 1,016,532           | 5,042,299           | 456,116           |                                   |                   | 492,834           | 23,226,005             |
|                     |                     |                   |                                   |                   |                   | 16,927                 |
|                     |                     |                   |                                   |                   | 38,759            | 38,759                 |
| <u>\$ 1,025,979</u> | <u>\$ 5,067,403</u> | <u>\$ 461,182</u> | <u>\$ 540,380</u>                 | <u>\$ 414,046</u> | <u>\$ 639,429</u> | <u>\$ 25,175,416</u>   |

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WINNESHIEK COUNTY  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2015

|                                   | County<br>Offices | Agricultural<br>Extension<br>Education | County<br>Assessor | Schools       |
|-----------------------------------|-------------------|--|--------------------|---------------|
| <b>ASSETS AND LIABILITIES</b>     |                   |  |                    |               |
| BALANCE, beginning of year        | \$ 52,612         | \$ 218,118                             | \$ 924,399         | \$ 15,528,124 |
| <b>ADDITIONS</b>                  |                   |  |                    |               |
| Property and other County tax     |                   | 212,707                                | 348,789            | 14,964,337    |
| State tax credits                 |                   | 14,126                                 | 28,673             | 1,004,135     |
| Office fees and collections       | 383,199           |  |                    |               |
| Auto license, use tax and postage |                   |  |                    |               |
| E911 telephone surcharges         |                   |  |                    |               |
| Miscellaneous                     | 80,912            | 18                                     | 107                | 1,361         |
| Assessments                       |                   |  |                    |               |
| Trusts                            | 84,848            |  |                    |               |
| Total additions                   | 548,959           | 226,851                                | 377,569            | 15,969,833    |
| <b>DEDUCTIONS</b>                 |                   |  |                    |               |
| Agency remittances                |                   |  |                    |               |
| To other funds                    | 235,309           |  |                    |               |
| To other governments              | 192,752           | 220,777                                |                    | 15,727,370    |
| Trusts paid out                   | 84,231            |  |                    |               |
| Miscellaneous                     | 25,398            |  | 333,631            |               |
| Total deductions                  | 537,690           | 220,777                                | 333,631            | 15,727,370    |
| BALANCE, end of year              | \$ 63,881         | \$ 224,192                             | \$ 968,337         | \$ 15,770,587 |

See Independent Auditor's Report.

SCHEDULE 8

| Area<br>Schools | Corporations | Townships  | Auto<br>License<br>and<br>Use Tax | E911<br>Surcharge | Other      | Total         |
|-----------------|--------------|------------|-----------------------------------|-------------------|------------|---------------|
| \$ 998,752      | \$ 5,008,844 | \$ 408,781 | \$ 467,218                        | \$ 257,090        | \$ 586,668 | \$ 24,450,606 |
| 977,099         | 5,178,411    | 437,712    |                                   |                   | 475,289    | 22,594,344    |
| 64,850          | 397,730      | 23,520     |                                   |                   | 31,687     | 1,564,721     |
|                 |              |            |                                   |                   | 3,526      | 386,725       |
|                 |              |            | 6,250,581                         |                   |            | 6,250,581     |
|                 |              |            |                                   | 88,608            |            | 88,608        |
| 84              |              | 34         |                                   | 238,186           | 116,618    | 437,320       |
|                 |              |            |                                   |                   | 52,695     | 52,695        |
|                 |              |            |                                   |                   |            | 84,848        |
| 1,042,033       | 5,576,141    | 461,266    | 6,250,581                         | 326,794           | 679,815    | 31,459,842    |
|                 |              |            | 204,340                           |                   |            | 439,649       |
| 1,014,806       | 5,517,582    | 408,865    | 5,973,079                         | 169,838           | 627,054    | 29,852,123    |
|                 |              |            |                                   |                   |            | 84,231        |
|                 |              |            |                                   |                   |            | 359,029       |
| 1,014,806       | 5,517,582    | 408,865    | 6,177,419                         | 169,838           | 627,054    | 30,735,032    |
| \$ 1,025,979    | \$ 5,067,403 | \$ 461,182 | \$ 540,380                        | \$ 414,046        | \$ 639,429 | \$ 25,175,416 |

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WINNESHIEK COUNTY  
 COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 All GOVERNMENTAL FUNDS  
 Years Ended June 30,

|                                      | Modified Accrual     |                      |                      |                      |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                      | 2015                 | 2014                 | 2013                 | 2012                 |
| <b>REVENUES</b>                      |                      |                      |                      |                      |
| Property and other County tax        | \$ 8,107,755         | \$ 7,633,942         | \$ 7,707,204         | \$ 7,422,935         |
| Local option sales tax               | 1,490,067            | 1,305,241            | 1,443,421            | 1,220,456            |
| Interest and penalty on property tax | 49,277               | 52,312               | 52,188               | 55,167               |
| Intergovernmental                    | 6,093,748            | 6,139,781            | 5,536,014            | 8,008,604            |
| Licenses and permits                 | 20,989               | 25,417               | 19,607               | 19,342               |
| Charges for service                  | 707,793              | 711,954              | 709,823              | 645,513              |
| Use of money and property            | 151,327              | 146,314              | 152,366              | 172,689              |
| Miscellaneous                        | 722,092              | 1,000,809            | 862,591              | 872,123              |
| <b>Total revenues</b>                | <b>\$ 17,343,048</b> | <b>\$ 17,015,770</b> | <b>\$ 16,483,214</b> | <b>\$ 18,416,829</b> |
| <b>EXPENDITURES</b>                  |                      |                      |                      |                      |
| <b>Current</b>                       |                      |                      |                      |                      |
| Public safety and legal services     | \$ 2,609,552         | \$ 2,486,450         | \$ 2,260,166         | \$ 2,292,597         |
| Physical health and social services  | 1,303,254            | 1,321,137            | 1,328,106            | 1,419,929            |
| Mental health                        | 1,401,148            | 1,768,935            | 1,049,783            | 2,526,694            |
| County environment and education     | 1,685,897            | 1,589,247            | 1,522,418            | 1,520,347            |
| Roads and transportation             | 5,237,297            | 6,508,015            | 5,827,296            | 5,494,568            |
| Governmental services to residents   | 549,902              | 524,512              | 611,866              | 445,980              |
| Administration                       | 2,020,823            | 2,019,642            | 1,952,183            | 1,733,409            |
| Non-program                          | 3,712                | 3,398                | 3,390                | 14,004               |
| Debt service                         |                      |                      |                      |                      |
| Capital projects                     | 1,665,783            | 1,229,020            | 1,505,347            | 1,605,035            |
| <b>Total expenditures</b>            | <b>\$ 16,477,368</b> | <b>\$ 17,450,356</b> | <b>\$ 16,060,555</b> | <b>\$ 17,052,563</b> |

See Independent Auditor's Report.

SCHEDULE 9

| Modified Accrual     |                      |                      |                      |                      |                      |  |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 |  |
| \$ 7,129,466         | \$ 6,682,837         | \$ 5,763,349         | \$ 5,521,664         | \$ 5,506,728         | \$ 5,379,392         |  |
| 1,289,539            | 1,234,237            | 1,276,001            | 1,151,833            | 1,296,816            | 1,090,902            |  |
| 57,100               | 61,083               | 57,740               | 51,023               | 46,990               | 49,037               |  |
| 7,121,719            | 6,555,969            | 7,590,448            | 7,014,918            | 6,214,640            | 6,234,227            |  |
| 12,770               | 12,943               | 13,112               | 17,422               | 14,210               | 13,040               |  |
| 610,437              | 574,453              | 570,256              | 567,022              | 533,809              | 524,258              |  |
| 190,454              | 189,438              | 241,727              | 343,464              | 406,426              | 355,300              |  |
| 774,961              | 539,518              | 387,281              | 176,988              | 397,847              | 131,274              |  |
| <u>\$ 17,186,446</u> | <u>\$ 15,850,478</u> | <u>\$ 15,899,914</u> | <u>\$ 14,844,334</u> | <u>\$ 14,417,466</u> | <u>\$ 13,777,430</u> |  |
| <br>                 |                      |                      |                      |                      |                      |  |
| \$ 2,217,149         | \$ 2,044,387         | \$ 1,974,433         | \$ 1,924,780         | \$ 1,769,761         | \$ 1,673,671         |  |
| 1,411,514            | 1,707,517            | 1,622,070            | 1,510,110            | 1,424,742            | 1,372,241            |  |
| 2,702,757            | 2,065,220            | 2,225,989            | 2,426,900            | 2,198,888            | 2,081,849            |  |
| 1,695,435            | 3,448,510            | 1,310,048            | 1,226,245            | 1,079,757            | 1,002,931            |  |
| 4,734,265            | 6,737,583            | 5,227,666            | 5,435,764            | 5,063,759            | 4,320,893            |  |
| 403,366              | 328,933              | 346,924              | 299,885              | 285,872              | 449,990              |  |
| 1,652,185            | 1,358,709            | 1,425,958            | 1,335,264            | 1,125,199            | 1,090,546            |  |
| 2,720                | 39,217               | 2,657                | 29,808               | 16,382               | 5,251                |  |
| 492,026              | 487,723              | 487,682              | 563,841              | 551,322              | 2,781,219            |  |
| 1,683,341            | 587,285              | 1,535,195            | 1,106,536            | 704,588              | 2,002,286            |  |
| <u>\$ 16,994,758</u> | <u>\$ 18,805,084</u> | <u>\$ 16,158,622</u> | <u>\$ 15,859,133</u> | <u>\$ 14,220,270</u> | <u>\$ 16,780,877</u> |  |

## WINNESHIEK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. No material weaknesses noted.
- (c) The audit did not disclose any noncompliance, which is material to the financial statements.
- (d) Significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements. No material weaknesses noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 20.205 Highway Planning and Construction
  - CFDA Number 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Winneshiek County did not qualify as a low-risk auditee.

WINNESHIEK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**Finding 2015-001      Overlapping Duties**

**Criteria:**                      Proper controls over financial reporting include adequate segregation of duties.

**Condition:**                    The County's offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

**Cause:**                         The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

**Effect:**                         This deficiency results in a reasonable possibility that the County would not be able to detect misstatements that would be material in relation to the financial statement in a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:**        While we do recognize that the County is not large enough to permit a segregation of duties for an effective internal control, we believe it is important the Board be aware that this condition does exist.

**Response and Corrective Action Planned:**

Management is cognizant of this limitation and will implement additional controls where possible.

**Conclusion:**                    Response acknowledged.

WINNESHIEK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

CFDA Number 20.205 Highway Planning and Construction

Federal Award Year: 2015

U.S. Department of Transportation

Passed through Iowa Department of Transportation

CFDA Number 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Year: 2015

U.S. Department of Homeland Security

Passed through Iowa Department of Public Defense

See 2015-001 above.

**Part IV: Other Findings Related to Required Statutory Reporting:**

See management letter dated February 11, 2016

**Part V: Summary of Prior Federal Audit Findings and Questioned Costs**

| Comment Reference | Comment Title      | Status        | Explanation  |
|-------------------|--------------------|---------------|--|
| 2014-001          | Overlapping duties | Not corrected | The County has limited staff and segregates duties to the best of their abilities. |

WINNESHIEK COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015

| Grantor/Program   | CFDA<br>Number | Grant Number/Description       | Program<br>Expenditures |
|---|----------------|--------------------------------|-------------------------|
| <b>Indirect</b>   |                |                                |                         |
| U.S. Department of Agriculture<br>Passed through Iowa Department of Human Services<br>State Administrative Matching Grants for the Supplemental Nutrition<br>Assistance Program         | 10.561         | LAE Reimbursement              | \$ 9,993                |
| U.S. Department of Justice<br>Passed through Iowa Department of Justice<br>Crime Victim Assistance  | 16.575         | VA-15-25                       | 23,074                  |
| U.S. Department of Transportation<br>Passed through Iowa Department of Transportation<br>Highway Planning and Construction  | 20.205         | BROS-CO96(117)--8J-96          | 12,244                  |
|   | 20.205         | BROS-CO96(122)--8J-96          | 188,553                 |
|   | 20.205         | BROS-CO96(123)--8J-96          | 186,659                 |
|   | 20.205         | 13-STP-ES-115                  | 38,929                  |
|   |                |                                | <u>426,385</u>          |
| Passed through Iowa Department of Public Safety<br>Highway Safety Cluster<br>State and Community Highway Safety   | 20.600         | PAP 15-402 MOOP, Task 35-30-00 | 4,200                   |
| Subtotal U.S. Department of Transportation  |                |                                | <u>430,585</u>          |
| U.S. Department of Health and Human Services<br>Passed through Iowa Department of Public Health<br>Project Grants and Cooperative Agreements for<br>Immunization Cooperative Agreements | 93.268         | 5882I482/146                   | 3,946                   |
|   | 93.268         | 5885I482                       | 4,443                   |
|   |                |                                | <u>8,389</u>            |
| PPHF Capacity Building Assistance to Strengthen Public<br>Health Immunization Infrastructure and Performance  | 93.539         | 5884I482/146                   | 4,218                   |
|   |                | 5885I482                       | 2,858                   |
|   |                |                                | <u>7,076</u>            |
| Hospital Preparedness Program (HPP) and Public Health Emergency<br>Preparedness (PHEP) Aligned Cooperative Agreements   | 93.074         | 5885BT96                       | 42,731                  |
| Passed through Iowa Department of Human Services<br>Social Services Block Grant   | 93.667         | LAE Reimbursement              | 3,074                   |
| <b>Other Federal Financial Assistance</b>   |                |                                |                         |
| Human Services Administrative Reimbursements  |                |                                |                         |
| Refugee and Entrant Assistance - State Administered Programs  | 93.566         | LAE Reimbursement              | 22                      |
| Child Care Mandatory and Matching Funds of the Child Care<br>and Development Fund   | 93.596         | LAE Reimbursement              | 2,583                   |
| Foster Care - Title IV-E  | 93.658         | LAE Reimbursement              | 3,829                   |
| Adoption Assistance   | 93.659         | LAE Reimbursement              | 1,209                   |
| State Children's Insurance Program  | 93.767         | LAE Reimbursement              | 61                      |
| Medical Assistance Program  | 93.778         | LAE Reimbursement              | 18,824                  |
|   |                |                                | <u>26,528</u>           |
| Subtotal U.S. Department of Health and Human Services   |                |                                | <u>87,798</u>           |

See Independent Auditor's Report.

WINNESHIEK COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015

| Grantor/Program  | CFDA<br>Number | Grant Number/Description           | Program<br>Expenditures                 |
|--|----------------|------------------------------------|---|
| <b>Indirect (Continued)</b>                                    |                |                                    |   |
| <b>U.S. Department of Homeland Security</b>                    |                |                                    |   |
| <b>Passed through Iowa Department of Homeland Security and</b> |                |                                    |   |
| <b>Emergency Management Disaster Grants</b>                    |                |                                    |   |
| <b>Public Assistance (Presidentially Declared Disasters)</b>   | 97.036         | FEMA DR-4135-IA<br>FEMA DR-4184-IA | \$ 131,710<br>351,648<br><u>483,358</u> |
| <b>Hazard Mitigation Grant</b>                                 | 97.039         | DR-4016-0006-01                    | <u>8,642</u>                            |
| <b>Emergency Management Performance Grants</b>                 | 97.042         | EMPG-14-PT-96<br>EMPG-15-PT-96     | 7,055<br>18,805<br><u>25,860</u>        |
| <b>Subtotal U.S. Department of Homeland Security</b>           |                |                                    | <u>517,860</u>                          |
| <b>Total Federal Financial Assistance</b>                      |                |                                    | <u>\$ 1,069,310</u>                     |

WINNESHIEK COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015

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Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Winneshiek County under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Winneshiek County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Winneshiek County.

Note 2. Summary of Significant Accounting Policies

- a. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. Pass-through entity identifying numbers are presented where available.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Supervisors  
Winneshiek County  
Decorah, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Winneshiek County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Winneshiek County's basic financial statements, and have issued our report thereon dated February 11, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Winneshiek County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Winneshiek County's internal control. Accordingly, we do not express an opinion on the effectiveness of Winneshiek County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winneshiek County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Winneshiek County's Response to Finding

Winneshiek County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Winneshiek County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
February 11, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Supervisors  
Winneshiek County  
Decorah, Iowa

**Report on Compliance for Each Major Federal Program**

We have audited Winneshiek County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Winneshiek County's major federal programs for the year ended June 30, 2015. Winneshiek County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Winneshiek County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Winneshiek County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Winneshiek County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Winneshiek County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of Winneshiek County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Winneshiek County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Winneshiek County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

Winneshiek County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Winneshiek County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
February 11, 2016

## MANAGEMENT LETTER

To the Board of Supervisors  
Winneshiek County  
Decorah, Iowa

In planning and performing our audit of the basic financial statements of Winneshiek County for the year ended June 30, 2015, we considered the County's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 10 below are compliance comments required by the Iowa Auditor of State. A separate report dated February 11, 2016, contains our report on the County's internal control over financial reporting. This letter does not affect our report dated February 11, 2016 on the basic financial statements of Winneshiek County. Comment 11 is an unresolved comment from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the County's responses and, accordingly, we express no opinion on them.

1. **Certified Budget**  
Disbursements for the year ended June 30, 2015 did not exceed the amounts budgeted for any function.
2. **Questionable Expenditures**  
We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. **Travel Expense**  
No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.
4. **Business Transactions**  
We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2015.
5. **Bond Coverage**  
Surety bond coverage of County officials and employees is in accordance with statutory provisions.

6. Board Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not. The minutes were published as required by Chapter 349.18 of the Code of Iowa and Attorney General's opinions dated December 10, 1985, December 31, 1986, and May 2, 1989.

7. Deposits and Investments

A resolution naming official depository banks has been approved by the Board. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2015.

8. Resource Enhancement and Protection Certification

The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with Subsections (b)(2) and (b)(3).

9. County Extension Office

The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A through G.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

The surety bond covering the Treasurer of the County Extension Council was in compliance with statutory provisions.

10. Tax Increment Financing (TIF)

For the year ended June 30, 2015, the County Auditor's office performed their duties in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa and completed reconciliations of each City's TIF receipts and TIF debt certified.

11. Property and Equipment Records

A partial record of the County's fixed assets is maintained by individual offices. Property journal totals have not been summarized, nor has reconciliation been performed to balance additions and deletions to the general ledger.

Recommendation

We recommend complete property and equipment records be developed. In addition, to facilitate the proper insurance, maintenance and safeguarding of these assets, an inventory of all property and equipment should be taken at least once each year and checked against the fixed assets records. Management may want to consider the employment of an outside consulting firm to maintain its property records.

Response

We are continually making improvements to our inventory management procedures and will make an effort to take updated inventory at least once per year.

Conclusion

Response accepted.

12. Sheriff Office's Reconciliations

During our audit, we noted the Sheriff office's cashbook reconciliations included outstanding checks over three years old.

Recommendation

Checks outstanding for three or more years should be filed with the State Treasurer's office. See [http://www.iowatreasurer.gov/for businesses/unclaimed property compliance/](http://www.iowatreasurer.gov/for_businesses/unclaimed_property_compliance/) for instructions.

Response

The Sheriff's office has read the guidelines and reporting instructions as set forth by the Iowa State Treasurer and will attempt to locate the recipients of checks issued by the Sheriff's office that have been outstanding for more than two years. If we are unable to locate or reissue the check to the recipient, we will follow the state guidelines and turn them over to the Treasurer of State by November 1, 2016, and every subsequent November 1 hereafter.

Conclusion

Response accepted.

13. Solid Waste Fees Retainage

During the year ended June 30, 2015, the solid waste fees established by Chapter 455E.11 (2), (11), (13) and (15) of the Code of Iowa, were administered by Winneshiek County Area Solid Waste Agency. The agency is a 28E organization of which Winneshiek County is a member.

14. Financial Assurance

The Winneshiek County Area Solid Waste Agency (agency) has demonstrated financial assurance for closure and postclosure care costs by establishing a closure and postclosure account as provided in Chapter 567-113.14 of the Iowa Administrative Code. As of June 30, 2015, the estimated closure and postclosure care costs were fully funded by a dedicated investment account. The calculation is made as follows:

|   | <u>Closure</u>      | <u>Postclosure</u>  |
|---|---------------------|---------------------|
| Total estimated costs for closure and postclosure care                        | \$ 5,250,094        | \$ 1,654,575        |
| Less balance of funds held in local dedicated fund at June 30, 2015           | <u>(5,697,971)</u>  | <u>(1,795,724)</u>  |
| Dedicated funds in excess of estimated costs for closure and postclosure care | <u>\$ (447,877)</u> | <u>\$ (141,149)</u> |

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Winneshiek County during the course of our audit.

Should you have any questions concerning these or other matters, we shall be pleased to discuss them with you at your convenience.

Decorah, Iowa  
February 11, 2016

*Hacker, Nelson & Co., P.C.*